

FORRESTER®

# The Total Economic Impact™ Of Brightcove® For Media Organizations

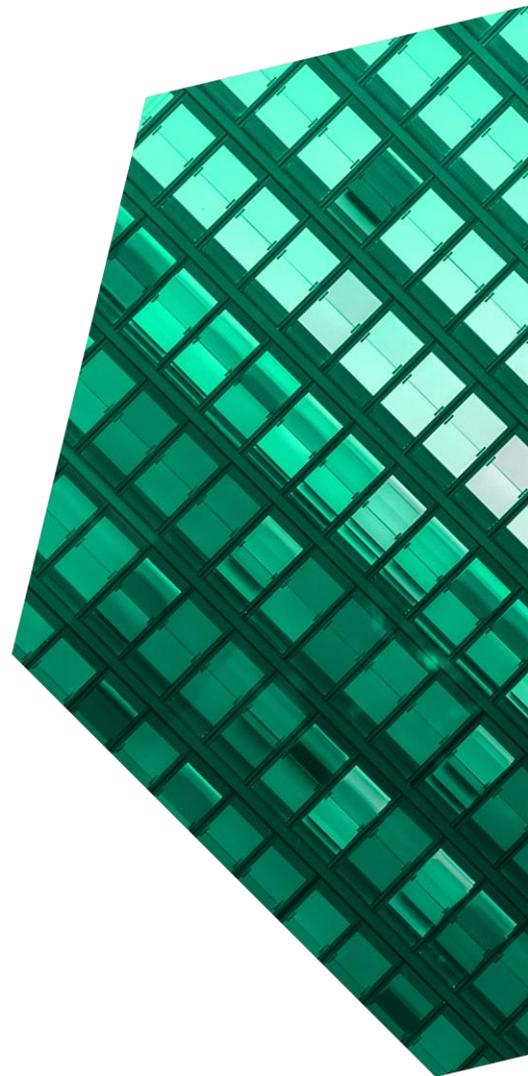
Cost Savings And Business Benefits  
Enabled By Brightcove

SEPTEMBER 2021

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## ABOUT FORRESTER CONSULTING

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## Executive Summary

Media organizations operate in fast-moving and ever-changing environments. They require all parts of their organizations to provide high-quality content at a moment's notice. As media organizations continue to expand digital video offerings globally, the need for video quality, speed to market, and platform flexibility becomes even more critical. Media customers have turned to the Brightcove platform to distribute and monetize live and on-demand video content securely, reliably, and with unlimited scale.

As video becomes an increasingly popular form of media consumption (a Forrester report estimates it will make up 82% of all internet protocol traffic by 2022), organizations must find new ways to reach viewers across a multitude of devices and platforms globally.<sup>1</sup>

Forty percent of all US online adults use a streaming online service to watch TV shows and movies on demand.<sup>2</sup> Because of this, providing a high-quality viewing experience is key to creating an engaged audience. As media companies grow their audiences and distribution workflows, they need a trusted partner to deliver high-quality video experiences to end viewers to maximize revenue opportunities.

Brightcove provides users with a robust video distribution and hosting platform that can quickly scale to meet the needs of constantly growing audiences and content libraries. Brightcove allows organizations to maximize the reach of their content by expanding audiences and presenting additional monetization opportunities. Additionally, users can easily manage, distribute, and monetize their video content in a secure environment without fear of untimely and costly downtime.

Brightcove commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [Brightcove](#).<sup>3</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Brightcove on their organizations.

### KEY STATISTICS (three-year present value)



Return on investment  
(ROI)  
**226%**



Net present value  
(NPV)  
**\$966K**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers at organizations with experience using Brightcove. For the purposes of this study, Forrester aggregated the experiences of the interviewed decision-makers and combined the results into a single [composite organization](#).

Prior to using Brightcove, the interviewees' organizations typically relied on a series of point solutions or homegrown workflows meant to aid with video hosting and distribution. However, these solutions limited the speed at which videos could be distributed, lacked easy scalability, and struggled to deliver a consistent client experience.

After the investment in Brightcove, the interviewees' organizations expanded their audience to drive additional revenue opportunities, reduced the cost to migrate content to the platform, reduced the administrative overhead needed to manage content, and reduced compliance violations.

**Brightcove is always enhancing their technology, so they are outputting better quality with more bandwidth. When we switched from our legacy solution to Brightcove it definitely brought an increase in quality for our audiences.**

— Global head of media technology, media/entertainment

## KEY FINDINGS

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

- **Increased potential audience by 15% to 25% over the modeled period.** Organizations who used Brightcove in subscription video delivery quickly expanded their delivery to new markets and new devices. Brightcove allowed these organizations to quickly dub new content to reach expanded geographies, allowing them to offer their services to an entirely new audience. This leads to a revenue increase of more than \$342,000 for the composite organization over the modeled time period.
- **Reduced time required to migrate existing video content to the Brightcove platform by 80%.** Interviewees noted a major benefit of the Brightcove platform was its ability to transcode massive amounts of content quickly. Legacy solutions could take weeks to process content. Shifting these workflows to Brightcove reduced manual labor and decreased the time-to-market for this content from weeks to hours, leading to more than \$161,000 in savings for the composite organization over the three-year modeled period.
- **Reduced time required to manage video platforms and content libraries by 83%.** Many decision-makers noted that their organizations' legacy video providers were cumbersome and difficult to navigate. Brightcove presented their content in one easy-to-use workspace, which allowed employees assigned to content management tasks (e.g., classification, archiving, etc.) to reduce the total time they spent on these manual tasks. Users can reallocate their time to more business-critical workflows, which results in over \$120,000 in savings for the composite organization over the modeled period.
- **Avoided 75% of service-level agreement-related compliance regulations.** Many decision-makers operated on contracts, which restricted where their organizations' content

could be viewed. Violating these contracts would often lead to costly fines and potential damage to established business relationships. Using the security features inherent to the Brightcove platform allowed organizations to reduce the risk of violating these service-level agreements (SLAs) and eliminate costly fines and penalties, saving more than \$634,000 for the composite organization over the modeled period.

- **Reduced need to complete quality-assurance processes.** The Brightcove platform enabled users to reliably process videos from any vendor without fear of losing quality or creating outages within their video library. Interviewees often sourced their organizations' content creation through multiple vendors, all who had different standards for quality. In legacy environments, this required highly manual quality-assurance workflows to ensure a standard video experience for end users. Brightcove alleviated this burden from the interviewees' organizations and ensured content is consumable for end viewers without lengthy delays in production, eliminating the need to transcode videos and saving over \$134,000 for the composite organization throughout the modeled period.

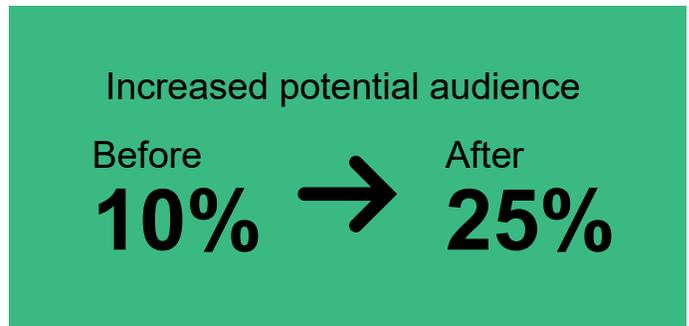
**Unquantified benefits.** Benefits that are not quantified for this study include:

- **Improved efficiencies with live events.** Several decision-makers noted that using the Brightcove OTT solution to deliver broadcast-quality live events on multiple platforms drove increased attendance and engagement. The decision-makers saw this as an avenue to drive additional revenue for customer-facing products and create more efficient workflows for internal communication events.
- **Enhanced customer experiences.** Interviewees saw improved quality for their organizations' video content. Improving video quality drove increased content interaction and created an

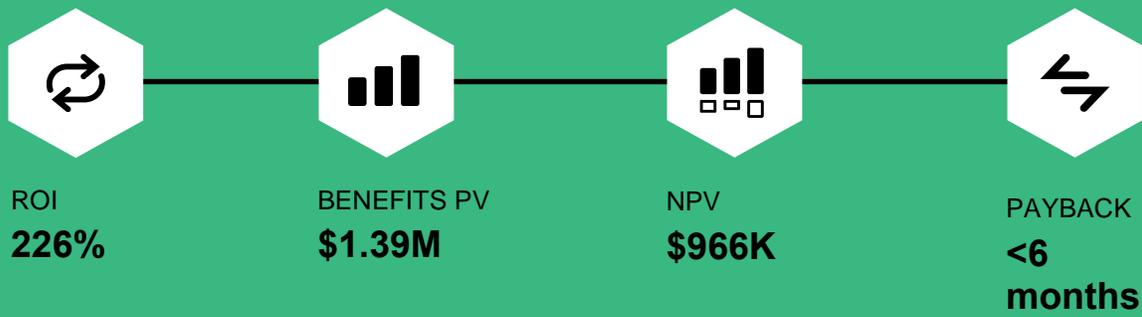
improved customer experience. This could have long-lasting effects on customer lifetime value and brand reputation, potentially leading to additional revenue.

**Costs.** Risk-adjusted PV costs include:

- **Licensing fees.** Interviewees said that their organizations paid an annual fee for use of the Brightcove platform as well as access to specific features.
- **Implementation and management costs.** The interviewees' organizations dedicated time and resources to implement Brightcove. The organizations also dedicated individuals to manage the day-to-day operations of the platform.



The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$1.39M over three years versus costs of \$427K, adding up to a net present value (NPV), which is used to describe the cumulative effects of the benefits after subtracting the value of the costs, of \$966K and an ROI of 226%.



### 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 Brightcove.

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 Brightcove can have on an organization.

#### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Brightcove 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 the Brightcove.

Brightcove 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.

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



#### DUE DILIGENCE

Interviewed Brightcove stakeholders and Forrester analysts to gather data relative to Brightcove.



#### DECISION-MAKER INTERVIEWS

Interviewed five decision-makers at organizations using Brightcove to obtain data with respect to costs, benefits, and risks.



#### COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



#### FINANCIAL MODEL FRAMEWORK

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



#### 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 Brightcove Customer Journey

■ Drivers leading to the Brightcove investment

## Interviewed Decision-Makers

Interviewee	Industry	Region	Annual revenue
Chief digital officer	Media/entertainment	Headquartered in the US	\$1.2B
Director of broadcasting	Media/entertainment	Headquartered in the US	\$12M
Chief technology officer	Media	Headquartered in the US	\$20M
Head of product for digital	Media	Headquartered in the US	\$240M
Global head of media technology	Media/entertainment	Headquartered in EMEA	\$400M

## KEY CHALLENGES

Prior to investing in the Brightcove platform, interviewees' organizations typically relied on a series of disparate video solutions or homegrown processes to distribute and manage video content.

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

- **The need to deliver videos at scale.** All interviewees noted that as their organizations continued to expand their digital content, they needed a video distribution and management platform that could quickly and easily match the scale of their growing libraries. Many decision-makers found that their organizations' legacy video providers could not provide the flexibility needed to accommodate their rapidly evolving video processes. Often these providers would take extensive time to upload new content and could fail during times of peak demand.
- **The desire to deliver a consistent end viewer experience.** Decision-makers reported that, prior to investing in Brightcove, their organizations experienced issues with the quality of their video delivery that would lead to periods of downtime. Often this would happen during times of peak

viewership. This would hurt the viewer experience and risk potential monetization opportunities. These customers sought a video provider that could ensure a consistent viewing

**“We needed to find a solution that was fast because we wanted to provide our end viewers with content around events that happened in real time, and we needed to produce the content as quickly as possible after these events.”**

*Global head of media technology,  
media/entertainment*

experience regardless of the number of viewers attempting to access their content.

- **The need for increased speed-to-market for digital content.** An additional challenge that the interviewed decision-makers faced was the need to quickly upload and distribute new content. All the interviewees operated in industries that rely on creating and distributing content as quickly as possible. Legacy vendors often created delays in production workflows, causing these organizations to lag competitors and ultimately damaging their bottom line.

### COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

**Description of composite.** The composite organization is a media organization based in the United States that generates several hundred million dollars of revenue annually. The organization creates and distributes video content that highlights and complements their online media offerings. The composite organization is beginning to build out a library of subscription videos, which are protected behind a paywall.

**Deployment characteristics.** Much like the interviewees' organizations, the composite organization struggles to deliver video at scale, needs to increase the speed-to-market for its digital content, and wants to provide a more consistent experience for clients. The composite organization migrates 800 hours of content to the Brightcove platform. This content is comprised of 3- to 5-minute videos that are posted on customer-facing websites

and longer form content (15 minutes or longer) that is stored behind its subscription paywall. In addition, the organization uses Brightcove to host its live internal communication events.

#### Key assumptions

- **US-based media organization**
- **Several hundred million dollars of annual revenue**
- **Migrates 800 hours of content to Brightcove**

# Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increased revenue	\$104,895	\$139,860	\$174,825	\$419,580	\$342,294
Btr	Improved ability to scale	\$51,840	\$64,800	\$81,000	\$197,640	\$161,537
Ctr	Content management efficiency	\$38,724	\$48,406	\$60,507	\$147,637	\$120,668
Dtr	Reduced compliance violations due to improved security	\$255,000	\$255,000	\$255,000	\$765,000	\$634,147
Etr	Cost avoidance due to improved reliability	\$43,200	\$54,000	\$67,500	\$164,700	\$134,615
	<b>Total benefits (risk-adjusted)</b>	<b>\$493,659</b>	<b>\$562,066</b>	<b>\$638,832</b>	<b>\$1,694,557</b>	<b>\$1,393,261</b>

## INCREASED REVENUE

**Evidence and data.** Interviewees who used Brightcove to deliver subscription-based content expanded their organizations' content to new markets and new devices quickly. Despite the potential gains of entering new markets, interviewees found their organizations' legacy solutions did not provide an easy path to do this.

With Brightcove's delivery capabilities, however, interviewees quickly dubbed new content to reach expanded geographies. This brought in new audiences and drove an increase in revenue. As the chief digital officer at a media/entertainment firm explained: "If you can scale internationally, you have a chance to vastly increase your audience. The challenge, of course, is that as you move internationally, there are aspects that are very technically difficult, which can get expensive; this includes captioning, dubbing, localization of content, localization of metadata, EU portability ... Brightcove has done a very good job of partnering with CDNs [content delivery networks] that are optimized for different parts of the world, including China."

Interviewees' organizations made their content available on additional types of devices, and this also brought new audiences and a rise in revenue. As the global head of media technology for one organization explained: "You can now also watch our content and engage with us on iOS and Android, and that's doubled viewership. And increasing it to smart TVs has also had a significant impact on viewership."

Increased revenue by **\$194,000** by Year 3



**Modeling and assumptions.** For the analysis, Forrester assumes:

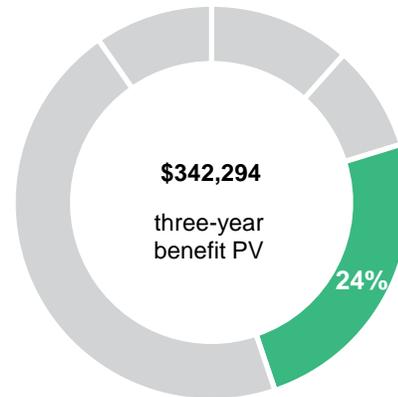
- Prior to an investment in Brightcove, the composite organization has 125,000 subscription customers, generating an average monthly revenue of \$7 each.
- After adopting Brightcove and utilizing the capabilities of the platform to expand to new geographies and devices, the composite organization sees a 15% increase in subscription audience in Year 1. This expands to 20% and 25% in Year 2 and Year 3, respectively.
- The operating margin for the composite organization’s subscription products is 7.4%.

**Risks.** This benefit varies based on:

- The number of additional subscriptions, which vary depending on the new geographies and devices organizations expand to.
- Operating margins, which also vary based on geography and organizational industry.

- The regions organizations expand to or the devices they use the Brightcove platform to host videos on.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of over \$342,000.



Increased Revenue					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total subscriptions prior to investing in Brightcove	Interviews	125,000	125,000	125,000
A2	Average amount of revenue generated through subscription product (monthly)	Interviews	\$7	\$7	\$7
A3	Total revenue generated on subscription products prior to using Brightcove	A1*A2*12	\$10,500,000	\$10,500,000	\$10,500,000
A4	Increased audience by using Brightcove to expand to new geographies and devices	Interviews	15%	20%	25%
A5	Operating margin	Assumption	7.4%	7.4%	7.4%
At	Increased revenue	A3*A4*A5	\$116,550	\$155,400	\$194,250
	Risk adjustment	↓10%			
Atr	Increased revenue (risk-adjusted)		\$104,895	\$139,860	\$174,825
<b>Three-year total: \$419,580</b>			<b>Three-year present value: \$342,294</b>		

### IMPROVED ABILITY TO SCALE

**Evidence and data.** The interviewed decision-makers stated that a major benefit of Brightcove was its ability to quickly transcode massive amounts of content. Quickly having their organizations' content available for use was crucial to the success of the interviewees' organizations. One interviewee stated, "The ability to ingest that much, transcode that much, and organize from a digital asset management perspective that fast was exactly what we needed."

Legacy solutions took several weeks to process the same content and simply were not fast enough. After shifting these workflows to Brightcove, content was processed in much less time given Brightcove's advanced processing power.

This resulted in reduced manual labor, while also increasing time-to-market for content. The chief digital officer of one media organization described this by saying: "With Brightcove, we are able to ingest and transcode 2,000 hours of content in four weeks. This would have taken our legacy vendor significantly longer to accomplish."

**Modeling and assumptions.** For the analysis, Forrester assumes:

- Prior to investing in Brightcove, the composite organization spends 960 hours migrating content annually. This increases to 1,200 hours in Year 2 and 1,500 hours in Year 3.
- It costs \$75 an hour for the composite organization to migrate content. This encompasses the cost of employee time spent managing workflows as well as the cost of legacy vendors' services teams.
- The advanced processing power provided by the Brightcove platform enables the composite organization to reduce the time it takes to migrate content by 80%.

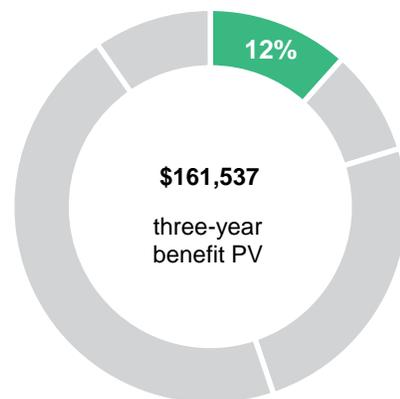
**“The size of the video delivered is optimized for the device that they’re using. So that’s been great. Brightcove can handle a lot of concurrent traffic, a lot of views. That has never been a problem with the platform.”**

*CTO, media*

**Risks.** This benefit will vary based on:

- The time organizations require each year to migrate content.
- The legacy solutions and workflows that organizations have in place.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over \$161,000.



### Improved Ability To Scale

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Time required to migrate content with legacy provider (hours)	Interviews	960	1,200	1,500
B2	Hourly cost to migrate content	Interviews	\$75	\$75	\$75
B3	Total cost to migrate content prior to using Brightcove	B1*B2	72,000	90,000	112,500
B4	Reduction in time to migrate content with Brightcove	Interviews	80%	80%	80%
Bt	Improved ability to scale	B3*B4	\$57,600	\$72,000	\$90,000
	Risk adjustment	↓10%			
Btr	Improved ability to scale (risk-adjusted)		\$51,840	\$64,800	\$81,000
<b>Three-year total: \$197,640</b>			<b>Three-year present value: \$161,537</b>		

### CONTENT MANAGEMENT EFFICIENCY

**Evidence and data.** Many interviewees noted that their organizations’ legacy video providers were cumbersome and difficult to navigate. Legacy solutions often did not offer easy ways to tag, classify, and archive video content. This required employees to perform time-intensive manual tasks.

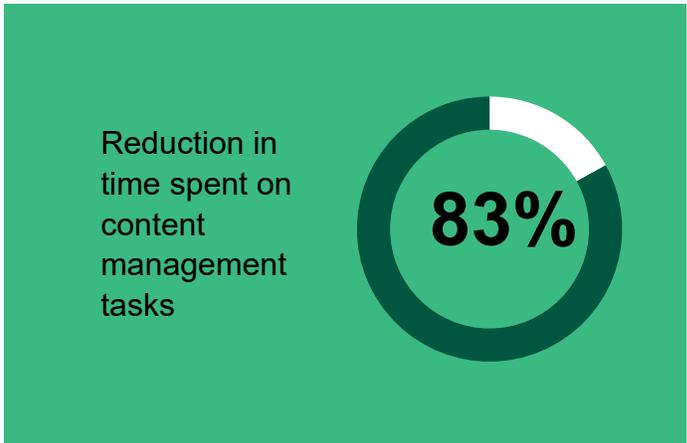
Brightcove provided users with convenient ways to display categories and organize video content. Library hygiene tasks were simplified, and employees streamlined many previously manual processes. The interviewees found that Brightcove provided a better user experience and an easy-to-use interface. The chief digital officer at a media/entertainment organization explained, “What I have admired about Brightcove’s content management capabilities is that they have now created an incredibly powerful tool kit that’s modular and, as a customer, I can plug in at almost any point in our content chain.”

Interviewees explained that, since Brightcove presented their organizations’ content in one user-friendly workspace, employees assigned to various content management tasks reduced the total time they spent on these manual tasks. Users became

free to reallocate their time to more high-value workflows.

**Modeling and assumptions.** For the analysis, Forrester assumes:

- The composite organization employs three employees dedicated to content management. Prior to Brightcove, each employee spends 30 hours a month performing routine content management tasks, which grows to 38 hours in Year 2 and 47 hours in Year 3.

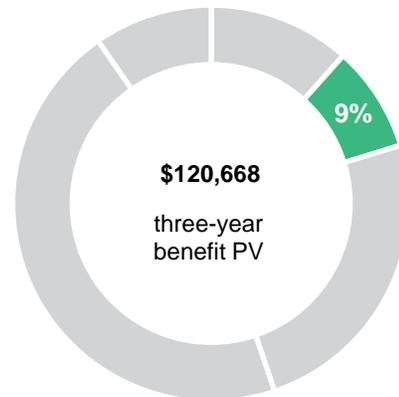


- After adopting Brightcove and experiencing its content management features and benefits, content management employees see an 83% reduction in time spent on these tasks.
- The average fully burdened hourly salary for employees involved in content management is \$48.

**Risks.** This benefit varies based on:

- The number of employees responsible for content management.
- The extent to which customers make the use of the Brightcove platform available to employees.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of nearly \$121,000.



Content Management Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Employees dedicated to content management	Assumption	3	3	3
C2	Monthly time spent managing video content prior to using Brightcove (hours)	Interviews	30	38	47
C3	Time spent managing video content prior to investing in Brightcove	$C1 \times C2 \times 12$	1,080	1,350	1,688
C4	Reduction in time spent performing content management tasks with Brightcove	Interviews	83%	83%	83%
C5	Fully burdened hourly salary for individuals involved in content management	Assumption	\$48	\$48	\$48
Ct	Content management efficiency	$C3 \times C4 \times C5$	\$43,027	\$53,784	\$67,230
	Risk adjustment	↓10%			
Ctr	Content management efficiency (risk-adjusted)		\$38,724	\$48,406	\$60,507
<b>Three-year total: \$147,637</b>			<b>Three-year present value: \$120,668</b>		

### REDUCED COMPLIANCE VIOLATIONS DUE TO IMPROVED SECURITY

**Evidence and data.** Many of the interviewees' customers operated on contracts that restricted where their content can be viewed. Violating the terms of these contracts often led to costly fines as well as potential damage to established business relationships. As the global head of media technology at a media/entertainment company explained: "There

would be huge penalties, fees, and fines that we would have to pay due to a breach in our contract. If we are unable to geoblock a piece of content and that then appears in a country where we don't have the rights to broadcast, we get sued for that and sometimes we have to pay a huge amount of money ... [With Brightcove], it's not happening anymore."

Using the security features embedded in the Brightcove platform, customers significantly reduced

the risk of violating these SLAs — and the costly fines and penalties that come with violations.

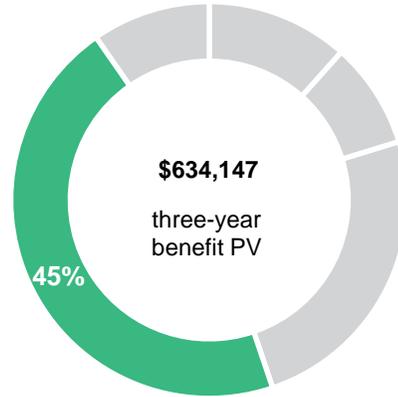
**Modeling and assumptions.** For the analysis, Forrester assumes:

- Prior to investing in Brightcove, the composite organization incurs an average of four compliance violations per year. The average cost of these violations is \$100,000.
- Due to Brightcove’s security features, there is a 75% reduction in the number of compliance violations.

**Risks.** This benefit will vary based on:

- The number and cost of compliance violations.
- The organization’s legacy security features.
- The cost of a compliance violation.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of over \$634,000.



### Reduced Compliance Violations Due To Improved Security

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of compliance violations prior to investing in Brightcove	Interviews	4	4	4
D2	Average cost of SLA compliance violations	Interviews	\$100,000	\$100,000	\$100,000
D3	Annual cost of compliance violations	D1*D2	\$400,000	\$400,000	\$400,000
D4	Reduction in compliance violations due to Brightcove security features	Interviews	75%	75%	75%
Dt	Reduced compliance violations due to improved security	D3*D4	\$300,000	\$300,000	\$300,000
	Risk adjustment	↓15%			
Dtr	Reduced compliance violations due to improved security (risk-adjusted)		\$255,000	\$255,000	\$255,000
<b>Three-year total: \$765,000</b>			<b>Three-year present value: \$634,147</b>		

### COST AVOIDANCE DUE TO IMPROVED RELIABILITY

**Evidence and data.** The Brightcove platform enabled users to reliably process videos from any vendor without fear of losing quality or creating outages within their video library. The interviewed decision-makers often sourced their organizations’

content creation through multiple vendors, all who had different standards and outcomes for quality. In legacy environments, this required highly manual quality-assurance workflows to maintain a standard video experience for end viewers. As one organization described: “Previously, we had a gateway in our production process which was a

quality-assurance department that would get the content before it was published, control what the format was, and make sure that it is processable by the engines that lay behind that. So, if we put the content from our vendors in there without this QA process, the output would have been broken and distorted.”

Brightcove alleviated the interviewees’ organizations burden and ensured content was consumable for end viewers in a high-quality format without lengthy delays in production. Interviewees no longer relied on manual quality-assurance workflows to monitor vendor content and avoided costly delays publishing content.

**Modeling and assumptions.** For the analysis, Forrester assumes:

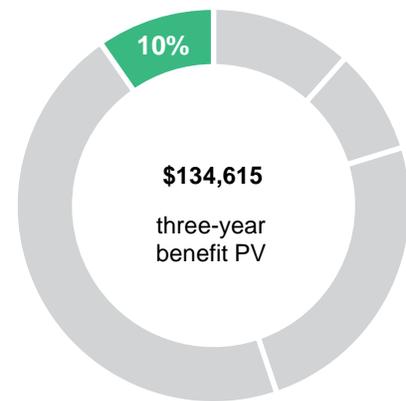
- The composite organization creates and uploads 8,000 videos in Year 1. This increases to 10,000 videos in Year 2 and 12,500 videos in Year 3.
- In its legacy state, the composite organization spends an average of 15 minutes processing and transcoding video.
- The average fully burdened hourly salary for employees involved in video transcoding is \$48.
- Employees recapture 50% of this time and rededicate it to labor activities. The remaining

time saved is allocated to nonwork activities like socializing or personal time.

**Risks.** This benefit will vary based on:

- The number of video uploads per year and the legacy workflows in place.
- The number of vendors as well as the variability in the content quality produced.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of nearly \$135,000.



Cost Avoidance Due To Improved Reliability						
Ref.	Metric	Source	Year 1	Year 2	Year 3	
E1	Videos created and uploaded annually	Assumption	8,000	10,000	12,500	
E2	Time to process and transcode content with legacy solutions (hours)	Interviews	0.25	0.25	0.25	
E3	Fully burdened hourly salary for individuals responsible for content transcoding	Payscale.com	\$48	\$48	\$48	
E4	Productivity recapture	Assumption	50%	50%	50%	
Et	Cost avoidance due to improved reliability	$E1 * E2 * E3 * E4$	\$48,000	\$60,000	\$75,000	
	Risk adjustment	↓10%				
Etr	Cost avoidance due to improved reliability (risk-adjusted)		\$43,200	\$54,000	\$67,500	
<b>Three-year total: \$164,700</b>			<b>Three-year present value: \$134,615</b>			

## UNQUANTIFIED BENEFITS

Additional benefits that interviewees' organizations experienced but were not able to quantify include:

- **Efficiencies with live events.** Several interviewees noted that their organizations also used the Brightcove OTT solution to stream live events across multiple platforms. These events ranged from customer-facing events meant to drive additional revenue to internal executive communications. The Brightcove platform enabled the interviewed decision-makers to hold high-quality live events, which drove increased attendance and engagement with these events. The decision-makers saw this use case as a way to further drive revenue for customer-facing products and effectively distribute information throughout their organization, increasing both customer and employee satisfaction.
- **Improved video quality.** Interviewees saw improved quality for their organizations' video content, as Brightcove optimized video renditions for the given platforms. The interviewed chief digital officer at a media/entertainment company shared, "[Brightcove is] still ahead of the field in terms of its ability to optimize exactly the rendition size and the transcoding profiles to the end user on request." The global head of media technology at a media/entertainment firm echoed seeing this benefit: "Brightcove is always enhancing its technology of encoding, so it is outputting better quality... Good quality for wherever you are with whichever contents."

Improving video quality drives increased content interaction and also creates an improved customer experience. This could have long-lasting effects on customer lifetime value and brand reputation, potentially leading to decreased customer churn which could allow the organization to recognize additional revenue.

## FLEXIBILITY

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

- **Expanding use case to other areas within the organization.** The interviewed decision-makers stated that expanding their use of Brightcove to additional teams and workflows could help drive further efficiencies throughout their organizations. Decision-makers believed expanding their organizations' use of Brightcove to internal video libraries or increasing the number of teams who input data into the platform could create further areas of efficiency for users or allow them to generate additional revenue.
- **Increased use of video analytics.** Coupled with expanding their organizations' use of Brightcove, the decision-makers also believed that increasing the use of Brightcove's analytic capabilities could help their organizations drive additional value for their video content teams.

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

# Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Licensing cost	\$0	\$105,000	\$131,250	\$157,500	\$393,750	\$322,258
Gtr	Implementation and management costs	\$52,416	\$20,966	\$20,966	\$20,966	\$115,315	\$104,556
	Total costs (risk-adjusted)	\$52,416	\$125,966	\$152,216	\$178,466	\$509,065	\$426,814

## LICENSING COST

**Evidence and data.** Brightcove organizations paid a yearly license fee for use of this technology. They also paid an annual fee for the use of the platform and access to key features. Additional costs were determined based on the amount of storage required, transcoding needed, and bandwidth required to distribute and host videos.

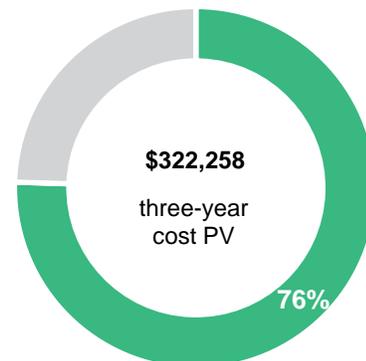
**Modeling and assumptions.** For the analysis, Forrester assumes:

- For the yearly license to use Brightcove, the composite organization pays \$100,000 in Year 1, \$125,000 in Year 2, and \$150,000 in Year 3.

**Risks.** Licensing costs may vary based on:

- Individual organizations will pay varying amounts for a Brightcove license and should contact a Brightcove representative for specific details.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over \$322,000.



Licensing Cost						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Licensing cost	Interviews		\$100,000	\$125,000	\$150,000
Ft	Licensing cost	F1	\$0	\$100,000	\$125,000	\$150,000
	Risk adjustment	↑5%				
Ftr	Licensing cost (risk-adjusted)		\$0	\$105,000	\$131,250	\$157,500
Three-year total: \$393,750				Three-year present value: \$322,258		

### IMPLEMENTATION AND MANAGEMENT COSTS

**Evidence and data.** The interviewees' organizations saw indirect costs for internal labor to deploy and manage Brightcove.

This cost was representative of the time spent planning and executing the Brightcove implementation, as well as the time spent managing the platform.

Interviewees noted that ongoing management was typically minimal and only required a small percentage of employee time. These employees would spend time onboarding and training new users, communicating with their Brightcove representatives, and planning for and executing platform upgrades.

**Modeling and assumptions.** For the analysis, Forrester assumes:

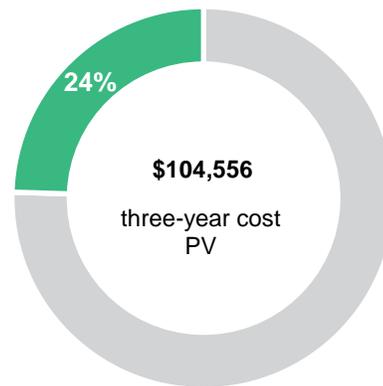
- The composite organization has a team of three employees and each team member spends 320 hours total planning for and then implementing Brightcove across the composite organization.

- The composite organization dedicates a team of two employees who each spend 16 hours a month managing Brightcove.
- The average fully burdened hourly salary for employees on these teams is \$52.

**Risks.** Implementation and management costs may vary based on:

- Each organization's internal processes regarding vendor onboarding.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of less than \$105,000.

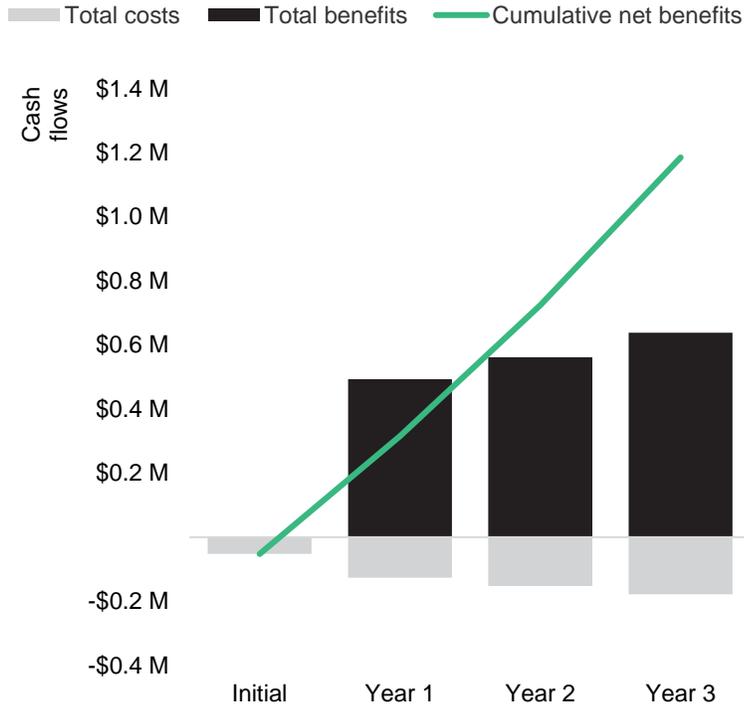


Implementation And Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	FTEs involved in planning and implementation	Interviews	3			
G2	Time spent planning for implementing and implementing Brightcove	Interviews	320			
G3	Hourly salary of employees involved in planning and implementation	Assumption	\$52			
G4	Cost to plan for and implement Brightcove	$G1 \times G2 \times G3$	\$49,920			
G5	Time spent managing Brightcove each month (hours)	Interviews		16	16	16
G6	Employee involved in managing Brightcove	Assumption		2	2	2
G7	Cost to manage Brightcove	$G5 \times G6 \times G3 \times 12$		\$19,968	\$19,968	\$19,968
Gt	Implementation and management costs	G4 & G7	\$49,920	\$19,968	\$19,968	\$19,968
	Risk adjustment	↑5%				
Gtr	Implementation and management costs (risk-adjusted)		\$52,416	\$20,966	\$20,966	\$20,966
<b>Three-year total: \$115,315</b>			<b>Three-year present value: \$104,556</b>			

# 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	(\$52,416)	(\$125,966)	(\$152,216)	(\$178,466)	(\$509,065)	(\$426,814)
Total benefits	\$0	\$493,659	\$562,066	\$638,832	\$1,694,557	\$1,393,261
Net benefits	(\$52,416)	\$367,693	\$409,849	\$460,366	\$1,185,492	\$966,447
ROI						226%
Payback period (months)						<6

# Appendix A: Total Economic Impact

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

## TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



## PRESENT VALUE (PV)

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



## NET PRESENT VALUE (NPV)

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



## RETURN ON INVESTMENT (ROI)

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



## DISCOUNT RATE

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



## PAYBACK PERIOD

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

## Appendix B: Endnotes

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<sup>1</sup> Source: “The Forrester Tech Tide™: Video Technologies For Customer And Employee Experience, Q4 2020,” Forrester Research, Inc., October 28, 2020.

<sup>2</sup> Source: “Best Practices: US Streaming Media Apps,” Forrester Research, Inc., March 19, 2020.

<sup>3</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders

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