FORRESTER®

The Total Economic Impact™ Of Airbase

Cost Savings And Business Benefits Enabled By Airbase

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY
COMMISSIONED BY AIRBASE, APRIL 2024

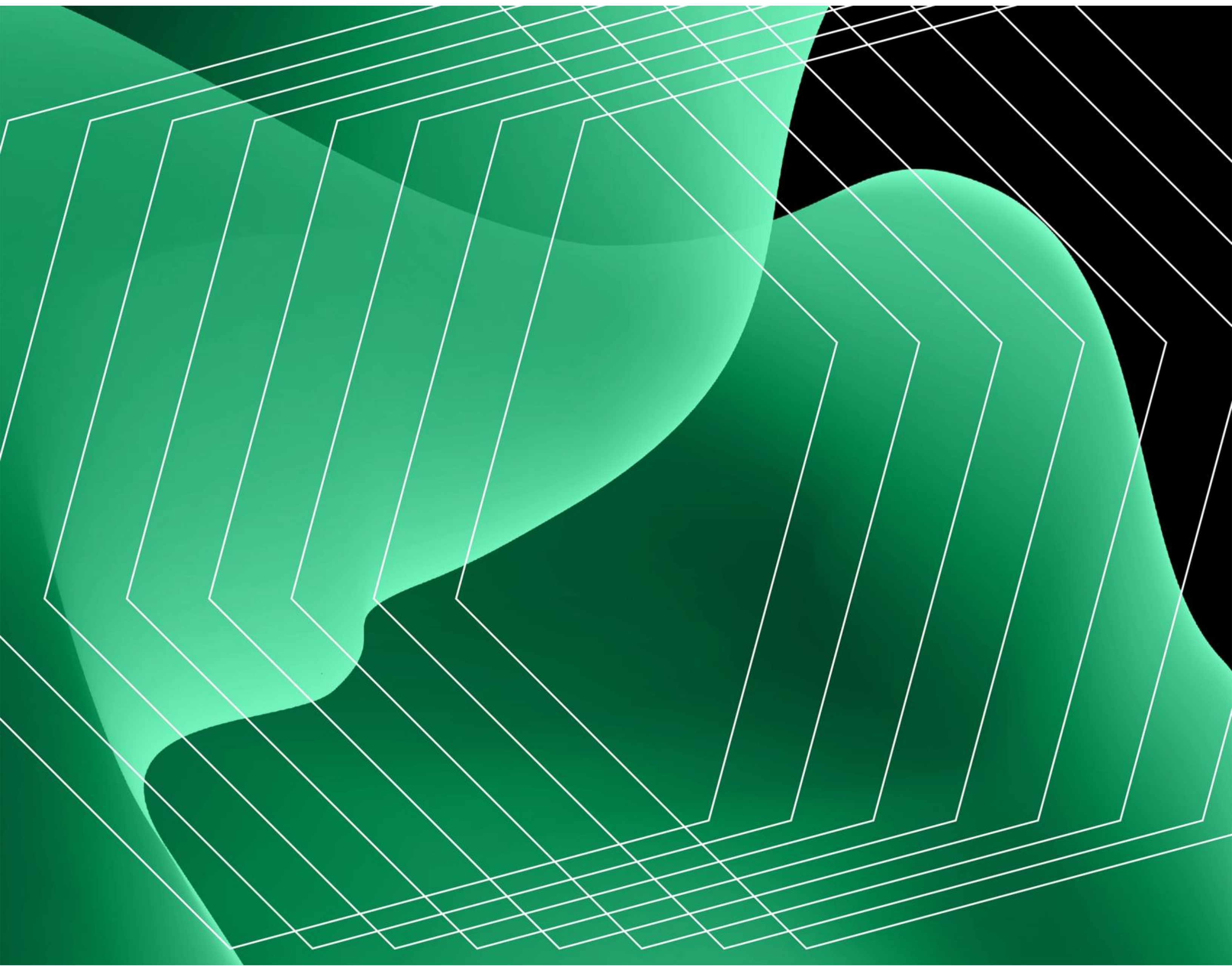


Table Of Contents

Consulting Team:

Amy Harrison

Sarah Lervold

ABOUT FORRESTER CONSULTING

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

Executive Summary

Companies struggle to gain visibility and control over their spending, which includes invoices, checks, expense reports, and credit cards. Manual processes, disjointed spending solutions, and the rise of globally distributed teams have made it even more challenging for finance teams to maintain control and visibility. To address these challenges, companies need an intuitive solution that captures and manages spending and ensures procurement and key business stakeholders are involved in approvals. By driving higher adoption rates, companies will improve spending control and compliance.

Airbase is a global procure-to-pay solution that delivers enterprise-grade capabilities in a user-friendly package. It streamlines sophisticated workflows with easy-to-use modules: Guided Procurement, AP Automation, Expense Management, and Corporate Cards modules. Airbase integrates with 70+ enterprise resource planning (ERP) systems and works to reduce wasted spend, ensure compliance, and speed up all procurement processes as well as the monthly financial close.

Airbase commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Airbase.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Airbase on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed a senior accounting leader at a financial services firm, who has a year of experience using Airbase. Forrester used this experience to project a three-year financial analysis.

Return on investment (ROI)
272%

Net present value (NPV)
$715K

Prior to using Airbase, the senior accounting leader highlighted three key challenges their organization faced. First, manual purchasing processes caused inefficiencies and made it challenging to ensure timely review, approval, and payments to vendors. Second, vendor setup was manual and disjointed from the existing accounts payable (AP) automation and expense management systems, leading to delays and oversight problems. Lastly, a lack of integration with existing systems made it difficult to provision users and sync transactions to the general ledger. These issues underscored the need for an integrated solution like Airbase to streamline processes and improve efficiency.

After implementing Airbase, the senior accounting leader noted their financial services firm enforced procurement policies and controls, ensuring compliance and establishing a robust procure-to-pay system. Moreover, by leveraging corporate cards by Airbase and its partner travel and expense solution, cash-back benefits offset the cost of the solution. The senior accounting leader said: “Hey, if we have x dollars’ worth of spend and we get 1.75% or 2% cash back on gross travel spend dollars, then Airbase potentially pays for itself.”

KEY FINDINGS

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

- **Cash-back revenue from corporate cards worth nearly $209,000.** The senior accounting leader said their financial services firm implemented Airbase’s Corporate Cards, which allowed transaction details to sync with the general ledger and provided cash-back revenue. Since Airbase combines Corporate Cards with AP Automation, the interviewee said their firm shifted more of its payments to virtual cards instead of to automated clearing house (ACH)/check to generate more cash-back revenue. Virtual cards for one-time and recurring payments drive efficiency with automated booking of transactions, controlled preapprovals, and a comprehensive audit trail. Airbase’s partnership with a travel partner allowed the interviewee’s firm to receive cash back on travel bookings.
- **Labor cost savings worth $448,000.** After implementing Airbase, the senior accounting leader said their financial services firm made thoughtful changes to its accounting department. Implementing Airbase allowed the interviewee’s firm to

hire employees from lower-cost regions to focus on AP tasks. These employees were so efficient using the Airbase platform that they took on additional accounting-related responsibilities. This decision resulted in substantial cost savings of almost $100,000 per employee in Year 1. Moreover, implementing Airbase significantly reduced the local team's manual workload and increased job satisfaction and retention. Finally, management deployed local employees to projects to meet strategic goals that supported the company's growth and long-term objectives.

- **Savings due to increased expense policy compliance worth $122,000.** By leveraging Airbase, the interviewee noted their firm established automated policies and workflows to enforce expense guidelines. This ensured that all expenses aligned with their approvals, categorization, and reimbursement policies. The real-time visibility and control provided by Airbase allowed the accounting team to promptly identify any policy violations and to monitor spending patterns. This integration of policy rules into reimbursement requests discouraged employees from submitting noncompliant expenses, resulting in cost savings for the interviewee's company.
- **Increased profit from vendor management and AP efficiencies worth $140,000.** The interviewee highlighted the importance of positive vendor relationships and prompt invoice payments to avoid operational impacts. The senior accounting leader shared an example from before Airbase where a delayed contract amendment resulted in a three-month revenue loss. With Airbase, the interviewee said their financial services firm has successfully maintained healthy vendor relationships by reducing purchase request cycle time from 48 to 26 days and ensuring timely payments. Their goal is to decrease the timeframe by 10 days further and maintain a zero-inbox policy to avoid late payments.
- **Savings from retired legacy systems worth $60,000.** The interviewee said their organization previously used separate programs for managing accounts payable and expense tracking, but these legacy solutions lacked integration with communication platforms. When seeking a procure-to-pay solution, they aimed for unified management of AP, accounts receivable (AR), and expense reporting, along with payment card capabilities for potential cash-back benefits. After

implementing Airbase, the interviewee's firm successfully replaced its legacy systems, fully integrating and streamlining its financial operations.

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

- **Improved negotiation position.** The interviewee said implementing Airbase provided better visibility and monitoring of ongoing procurement activities for the financial services firm. Using Airbase eliminated the challenges faced by the procurement teams in accessing existing contracts and enhanced their negotiation positions. This improved visibility empowered the procurement leader to negotiate more effectively.

- **Increased accuracy in financial statements.** Airbase enabled the senior accounting leader and their team to conduct comprehensive month-to-month reviews of financial statements, ensuring accuracy and alignment with forecasts and budgets. Access to open purchase order reports, guided procurement progress, and invoice listings significantly improved the accuracy of financial statements compared to their previous systems.

- **Increased time to support business operations.** With the implementation of Airbase, the interviewee's accounting team had the time to undertake additional projects supporting the business. The senior accounting leader highlighted the flexibility provided by Airbase, allowing for allocating team members to various nonaccounting-related initiatives. This newfound capacity enabled the team to provide unique and valuable support to the business, contributing to its growth and success.

- **Improved risk mitigation with stronger internal controls.** The senior accounting leader emphasized the importance of internal controls in mitigating risk in the procure to pay process. Using Airbase requires vendors to maintain control of their vendor master information and significantly reduces the risk of unauthorized changes to payment details. Additionally, the implementation of defined approval workflows for payment detail changes and protected virtual cards further strengthen risk mitigation efforts, ensuring the integrity of vendor payment processes and helping prevent unauthorized actions.

Costs. Three-year, risk-adjusted PV costs for the interviewee's organization include:

- **Fees paid to Airbase worth $154,000.** The interviewee's organization utilized various Airbase modules, including Guided Procurement, AP Automation, Expense Management, and Corporate Cards. Airbase's licensing costs and one-time onboarding fees were determined based on the number of modules in use, with pricing tailored to the company's size, volume, and use case.
- **Internal costs to deploy and maintain Airbase worth $109,000.** The interviewee noted their financial services firm dedicated three months to planning and deploying Airbase, and they found the implementation process straightforward, requiring minimal training due to the solution's user-friendly nature.

The interview and financial analysis found that the representative's organization experiences benefits of $979,000 over three years versus costs of $263,000, adding up to a net present value (NPV) of $715,000 and an ROI of 272%.

> "Airbase has paid for itself. We knew we were going to have to spend the money on a procure-to-pay system, but an added bonus was that it could pay for itself."
>
> SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

Return on investment (ROI)

272%

Benefits PV

$979K

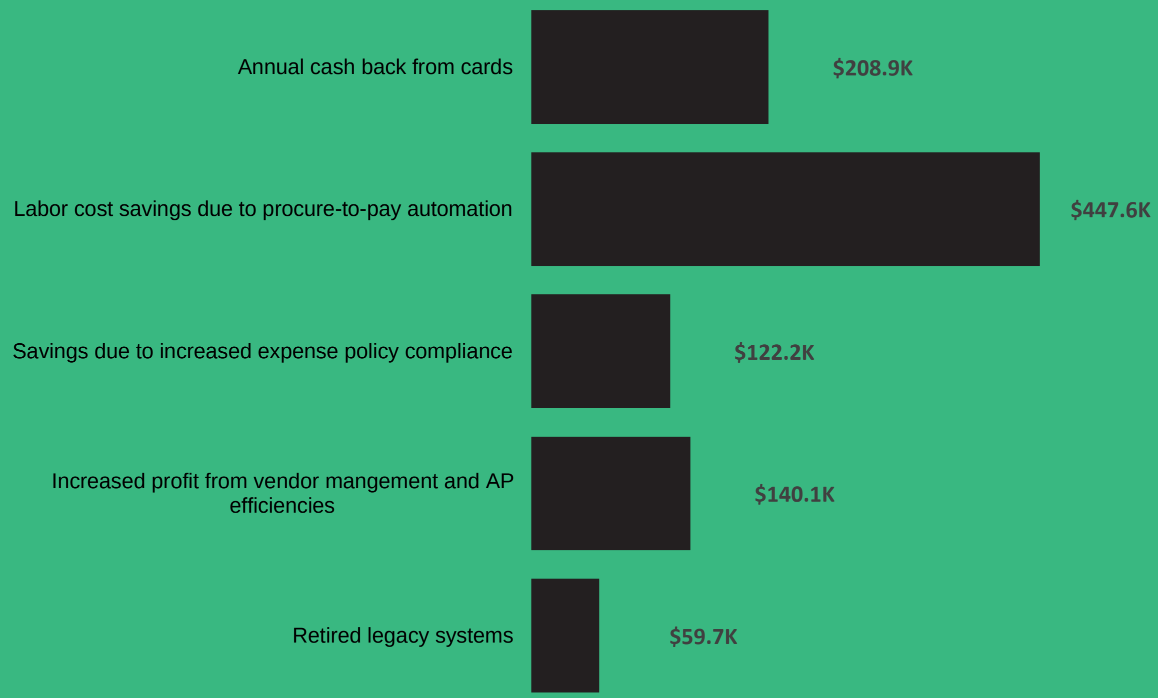
Net present value (NPV)

$715K

Payback

<6 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interview, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Airbase.

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 Airbase can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Airbase 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 Airbase.

Airbase 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.

Airbase provided the customer name for the interview but did not participate in the interview.

Due Diligence

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

Interview

Interviewed the representative of an organization using Airbase 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 interviewee.

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 Airbase Customer Journey

Drivers leading to the Airbase investment

INTERVIEWEE'S ORGANIZATION

Forrester interviewed the senior accounting leader for a financial services firm. The firm has nearly 400 employees and is a leader in the financial services industry. The company has been working with Airbase since 2022 and has over 300 licenses.

KEY CHALLENGES

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

- **Inability to integrate with existing systems.** The senior accounting leader said: "The biggest problem with the system before Airbase was our inability to integrate it with our overall systems that we already had in place. Our ERP system is a starter; outside of just syncing transactions, there wasn't overall integration. We needed to be able to properly provision users into the system, into the proper roles. From an IT security perspective, we could not do that."
- **Manual vendor setup.** The senior accounting leader described this by saying: "Vendor setup was very disparate from our existing system. Our vendor process was very manual outside of the system. I say that there's high-tech, low-tech, and no-tech, and it was a no-tech solution that required manual intervention to get our new vendors in the system. We'd get invoices for new vendors and realize they had not been set up. [Our previous vendor] was only integrated with email, not our [productivity platform]."
- **Manual approval processes.** The lack of integration between critical business systems, accounts payable invoice automation, and travel and expense systems made it difficult to follow approval processes. The senior accounting leader explained: "To find user roles and approval policies across the organization for spend owners was a very manual process and took the team a lot of time to

maintain and, given competing priorities, it wasn't maintained consistently throughout the year. So, it was very hard for us to make sure that invoices got reviewed, approved, and paid in a timely manner."

INVESTMENT OBJECTIVES

The interviewee's organization searched for a solution that could enhance the efficiency of its accounting department and improve overall control of the business. It looked for:

- An expense reporting system that could be consolidated with its payment solution, providing a unified platform.
- A procure-to-pay solution that integrated with connected cards, allowing the interviewee's organization to potentially leverage cash-back benefits when making payments to its numerous vendors.
- A platform that could integrate a travel solution with its expense system.

> "We went through that really fast growth stage and were very narrowly focused on growth with less business discipline. When you hit a little bit of the apex of that growth stage, you have to say, 'Hey, now it's time to grow up as a business and start following policies, procedures, start having controls in place, and so forth.' Airbase did a good job of helping us there."
>
> SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

USE CASE DESCRIPTION

The senior accounting leader said their financial services firm required a procure-to-pay system to enhance the accounting department's efficiency and improve overall control of the business. The interviewee's organization invested in Airbase to consolidate its expense reporting system with its payment solution, providing a unified platform. Additionally, it sought a procure-to-pay solution integrated with connected cards, enabling the interviewee's organization to leverage cash-back benefits when making payments to its numerous vendors. Airbase offered a platform that could seamlessly integrate a travel solution with its expense system, streamlining processes further.

For this use case, Forrester has modeled benefits and costs over three years.

Key Assumptions

300+ employees

Based in the United States

$6 million in expenses run through Corporate Cards per year

Cash-back percentage of 1.75%

Average revenue per day per product launch of $20,000

Airbase CEO Prioritizes Customer Retention, Driving Success And Satisfaction

The senior accounting leader commented that the communication and support they receive from the Airbase team — from the customer success team all the way up to the CEO — is a differentiator. The interviewee said that the customer success team actively listens to their organization's needs: "They have been good at solving our problems as they're a solution-oriented company. Airbase is always looking for new ideas, and they come out with monthly product updates, which are usually things we've thought about and wished for." The senior accounting leader also highlighted their frequent communication with Thejo Kote, the CEO of Airbase: "I email with Thejo frequently. The fact that he makes himself available as the company's CEO in this market space, which is becoming a real competitor to some of these bigger players, to email me about our concerns impresses me."

Analysis Of Benefits

Quantified benefit data

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Annual cash back from cards	$84,000	$84,000	$84,000	$252,000	$208,896
Btr	Labor cost savings due to procure-to-pay automation	$180,000	$180,000	$180,000	$540,000	$447,633
Ctr	Savings due to increased expense policy compliance	$43,200	$51,300	$54,000	$148,500	$122,240
Dtr	Increased profit from vendor management and AP efficiencies	$56,320	$56,320	$56,320	$168,960	$140,060
Etr	Retired legacy systems	$24,000	$24,000	$24,000	$72,000	$59,684
	Total benefits (risk-adjusted)	$387,520	$395,620	$398,320	$1,181,460	$978,513

ANNUAL CASH BACK FROM CARDS

Evidence and data. The interviewee noted that Corporate Cards, powered by Airbase, allowed transaction details to seamlessly sync with the general ledger, and their financial services firm benefited from cash-back revenue. The creation of virtual cards for one-time or recurring payments ensured greater efficiency, controlled preapprovals, provided a complete audit trail, and automated the booking of transactions to the general ledger. In addition, Airbase is partnered with a travel partner to deliver its travel solution, which allowed the interviewee's firm to capture benefits from travel spend.

The senior accounting leader explained: "Airbase is partnered with [a travel partner] to deliver its travel solution. We can connect all the departmental virtual cards we created in Airbase and tie that directly into [the travel partner] which gives us cash back on every travel booking. … We're either in a net-zero or net-positive position from a cash standpoint and cost standpoint [due to this partnership]."

The interviewee said their financial services firm also looked to understand the total payments it was making, and which ones it could pay by card to capture cash-back revenue. The senior accounting leader said: “We knew something had to change, so the business case was, are we making the right choice? We did some quantitative analysis to understand what vendors in the Airbase system are typically paid by virtual card and match those to our vendors to see what vendors we could get on virtual card. I also looked at vendors that we paid with cards, and I tried to accumulate our annual spend there to get a ballpark of what our cashback would be. So, we knew we were going to have to spend the money, but an added bonus was the system could potentially pay for itself.”

Modeling and assumptions. Based on the interview, Forrester assumes the following:

- Annual expenses paid by physical or virtual card total $6 million per year.
- The percentage cash back paid on that spend was 1.75%.

Risks. Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary between organizations depending on the following factors:

- The size of an organization and its corresponding spend.
- The number of vendors who can be paid by card.
- The total amount of travel expenses an organization accrues.
- The percentage cash back the organization receives.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $209,000.

1.75%

Percentage cash back

> “We now have great integration between travel and expense, a seamless integration for our employees. Our employees enjoy not having to charge stuff to their own personal cards. Their hotels and flights can be paid for by virtual cards. The company gets cashback on that. It’s a win-win for our employees and the company.”
>
> SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

Annual Cash Back From Cards

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Annual expenses run through cards	Assumption	$6,000,000	$6,000,000	$6,000,000
A2	Cash-back percentage	Interviews	1.75%	1.75%	1.75%
At	Annual cash back from cards	A1*A2	$105,000	$105,000	$105,000
	Risk adjustment	↓20%			
Atr	Annual cash back from cards (risk-adjusted)		$84,000	$84,000	$84,000
	Three-year total: $252,000		**Three-year present value: $208,896**		

LABOR COST SAVINGS DUE TO PROCURE-TO-PAY AUTOMATION

Evidence and data. Before deploying Airbase, the senior accounting leader noted their financial services firm employed an AP manager whose entire job was processing accounts payable. After implementing Airbase, the interviewee’s organization shifted these responsibilities to an offshore employee who would focus primarily on AP tasks. However, the offshore employee could take on additional responsibilities, such as closing the US books and assisting with revenue, accruals, travel and expense management, and regulatory filings using the Airbase platform. This approach enabled the interviewee's company to save almost $100,000 while driving growth and supporting its short-term and long-term objectives. The senior accounting leader stated that businesses' stock prices often underperform due to poorly managed expenses: "Our ability to get more out of employees and deploy them in different ways to support the day-to-day short-term and long-term strategic objectives of our department in supporting our business is hugely important. My team is happy, works fewer hours, and we have better retention. The move to Airbase is one of the many contributing factors in our overall team satisfaction as we were able to reduce workload in this area and streamline our processes."

In addition to the labor savings, the senior accounting leader shared numerous instances where Airbase significantly reduced the manual workload for their local team, including the following:

- The interviewee said: "Through AP automation, we've gained many efficiencies. We set up vendors on virtual cards and no longer need to process manual updates to approval workflows. All of these things have made managing the AP inbox relatively easy."
- They continued: "My team's efforts on Accounts Payable have been drastically reduced. We no longer have to identify the spend owner manually, send reminders for approvals, or investigate why a vendor wasn't set up. With Airbase, this doesn't happen today."
- The interviewee added: "We now have a defined PO [purchase order] approval policy. We can automatically match requisitions to invoices and get them in the queue for approval."

Modeling and assumptions. Based on the interview, Forrester assumes the following:

- To prevent the risk of duplicating efficiency gains, the model exclusively accounts for the cost savings from relocating two employees to a more affordable work location.
- The average fully burdened annual salary for a US-based accounting manager is $120,000.
- The average fully burdened annual salary for an outsourced accounting manager is $20,000.

- The organization outsourced two employees.

Risks. Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary between organizations depending on the following factors:

- The number of employees outsourced to a more cost-effective location.
- The location and cost of living of the outsourced employee.

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 $448,000.

83%

Labor cost savings

"The efficiencies we've gained are tremendous because we put everything under one roof, and we don't have to manage this old clunky system. It's been tremendous for my team because we just don't spend time trying to figure out who needs to approve invoices."

SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

Labor Cost Savings Due To Procure-To-Pay Automation					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Fully burdened annual salary for a US-based accounting manager	TEI standard	$120,000	$120,000	$120,000
B2	Fully burdened annual salary for an outsourced accounting manager	TEI standard	$20,000	$20,000	$20,000
B3	Number of outsourced employees	Interview	2	2	2
Bt	Labor cost savings due to procure-to-pay automation	(B1-B2)*B3	$200,000	$200,000	$200,000
	Risk adjustment	↓10%			
Btr	Labor cost savings due to procure-to-pay automation (risk-adjusted)		$180,000	$180,000	$180,000
	Three-year total: $540,000		**Three-year present value: $447,633**		

SAVINGS DUE TO INCREASED EXPENSE POLICY COMPLIANCE

Evidence and data. The senior accounting leader said Airbase empowered their financial services firm to set up policies and workflows that automatically enforce expense guidelines. The interviewee's organization established rules for expense approvals, categorization, and reimbursement, ensuring all expenses aligned with its policies. In addition, with increased real-time visibility and control, the interviewee's organization's accounting team could monitor spending patterns and identify potential policy violations as they occur. Integrating the policy rules into the reimbursement requests deterred employees from submitting expenses they may have previously attempted to submit.

The senior accounting leader emphasized: "Airbase has technology that allows us to set up rules like our T&E [travel and expense] policy. It prevents people from submitting expenses outside of our policy and protects our junior team members from accidentally approving an expense and then trying to get refunds from the employee. I've also seen greater adherence to the expense policy now that we stop people from submitting requests above certain dollar amounts and that saves the business money."

Modeling and assumptions. Based on the interview, Forrester assumes the following:

- Before Airbase, employees submitted $60,000 of expenses that were considered outside of the expense policies.

- After Airbase, employees submitted $12,000 in expenses outside the approved policy. In Year 2, as employees became more familiar with the approved policy, they only attempted to submit $3,000 in extraneous expenses.

Risks. Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary between organizations depending on the following factors:

- The size of the company and its related expenses.
- The number of employees who have the ability to submit expenses for reimbursement.
- How clearly and quickly expense reimbursement policies are developed and implemented.

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 $122,000.

$54,000

Expense savings by Year 3

> "We now have proper approval workflows. We know all the spend owners in the business. They're provisioned the way they should be. It's led us to have a more well controlled procure-to-pay system. Procure-to-pay and travel expenses are under one roof, and it's really allowed us to comply with and develop more internal policies to make us a more disciplined company."
>
> SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

Savings Due To Increased Expense Policy Compliance

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Expenses submitted outside of policy before Airbase	A1*1%	$60,000	$60,000	$60,000
C2	Expenses submitted outside of policy after Airbase	Interview	$12,000	$3,000	$0
Ct	Savings due to increased expense policy compliance	C1-C2	$48,000	$57,000	$60,000
	Risk adjustment	↓10%			
Ctr	Savings due to increased expense policy compliance (risk-adjusted)		$43,200	$51,300	$54,000
	Three-year total: $148,500		**Three-year present value: $122,240**		

INCREASED PROFIT FROM VENDOR MANAGEMENT AND AP EFFICIENCIES

Evidence and data. The interviewee emphasized the crucial role of building and maintaining positive relationships with critical vendors and its importance to the business. Prompt payment of invoices is necessary to avoid potential impacts on downstream operations. Reflecting on past experiences, the interviewee shared an instance where a contract amendment took much longer than expected to be signed, resulting in a three-month delay. The interviewee emphasized the consequences: “We missed out on three months’ potential revenue, which could have been around $10,000 a month, all because our purchase request and procurement process was not quick enough. These are the real impacts of inefficient operations.”

The senior accounting leader shared that by using Airbase, their organization successfully maintained healthy relationships with vendors, significantly decreasing the risk of interruptions in the business. They have done this by:

- Decreasing the duration of procurement cycle times, from the time of request to approval, from 48 days to 26 days. Their objective is to reduce this timeframe to eventually 10 days.
- Additionally, the senior accounting leader described how they make timely payments to vendors: “We have a zero-inbox policy, and we don’t make late payments to vendors. We’re always ready to pay, and we’re never late.”

Modeling and assumptions. Based on the interview, Forrester assumes the following:

- The number of days to approve purchase requests before Airbase was 48.
- After Airbase, the number of days to approve purchase requests was 26, shortening the cycle by 22 days.
- The potential revenue from a timely product release is $20,000 per day.
- For business-value-measurement purposes, operating margin is the important result — the share of revenue the organization recognized as profit or reinvest into the company. The NYU Stern School of Business estimates a 16% rate for operating margin for financial services companies.[2]

Risks. Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary between organizations depending on the following factors:

- The size of the business and the time to roll out Airbase.
- The potential revenue per day for a product release.
- The industry and associated operating margin for the business.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $140,000.

From 48 to 26 days

Days to approve purchase requests

"Time is money. Let's say we forecasted to earn $20,000 a day in revenue from a product release. Every day of delay in launching that product, potentially earning us $20,000 in revenue, is a missed opportunity that we can't afford."

SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

Increased Profit From Vendor Management And AP Efficiencies

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Days to approve purchase requests before Airbase	Interview	48	48	48
D2	Days to approve purchase requests after Airbase	Interview	26	26	26
D3	Days saved in purchase request approvals	D1-D2	22	22	22
D4	Lost revenue per day	Interview	$20,000	$20,000	$20,000
D5	Operating margin	NYU Stern	16%	16%	16%
Dt	Increased profit from vendor management and AP efficiencies	D3*D4*D5	$70,400	$70,400	$70,400
		↓20%			
Dtr	Increased profit from vendor management and AP efficiencies (risk-adjusted)		$56,320	$56,320	$56,320
	Three-year total: $168,960		**Three-year present value: $140,060**		

RETIRED LEGACY SYSTEMS

Evidence and data. The interviewee had previously utilized two separate programs to manage accounts payable and receivables, as well as expense tracking. However, these solutions were not integrated with their organization's communication platforms, prompting them to seek a procure-to-pay solution that could handle AP, AR, and expense reporting under one unified system. Moreover, they expressed a desire for a solution that offered payment cards, allowing them to potentially earn cash back with their payments. After implementing Airbase, the interviewee successfully phased out their organization's legacy expense and financial management programs, achieving a fully integrated solution.

Modeling and assumptions. Based on the interview, Forrester assumes the following:

- The expense system is estimated to cost $20,520 based on pricing of $9 per user per month for 190 users.
- The financial management system is estimated to cost $9,480 based on pricing of $79 per user per month for 10 users.

Risks. The costs for the retired legacy systems may vary depending on:

- The number of users for each system.
- The capabilities required by the organization which impacts the pricing tier.
- The negotiated discounts.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%. yielding a three-year, risk-adjusted total PV (discounted at 10%) of $60,000.

Retired Legacy Systems					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
E1	Avoided cost of legacy expense system	Assumption	$20,520	$20,520	$20,520
E2	Avoided cost of legacy financial management solution	Assumption	$9,480	$9,480	$9,480
E3	Retired legacy systems	E1+ E2	$30,000	$30,000	$30,000
		↓20%			
Etr	Retired legacy systems (risk-adjusted)		$24,000	$24,000	$24,000
	Three-year total: $72,000		**Three-year present value: $59,684**		

UNQUANTIFIED BENEFITS

The interviewee mentioned the following additional benefits that their organization experienced but was not able to quantify:

- **Improved negotiation position.** The senior accounting leader highlighted the challenges faced by the procurement teams in accessing existing contracts before the implementation of Airbase. They lacked the necessary systems to view and monitor ongoing procurement activities. After deploying Airbase, they said: “The procurement leader has better visibility into what is in flight for guided procurement. There’s a better ability to negotiate because of that insight and things don’t get lost in our no-tech solution anymore.”

- **Increased accuracy in financial statements.** By using Airbase, the senior accounting leader explained that their team can now conduct thorough month-to-month reviews of financial statements, ensuring accuracy and alignment with forecasts and budgets. Accessing open purchase order reports, reviewing items in progress within guided procurement, and downloading invoice listings from the inbox have contributed to improved accuracy. These functionalities, which were previously unavailable or limited, have significantly improved the accuracy of financial statements compared to their previous system.

- **Increased time to support business operations.** With the increased efficiency Airbase has allowed the accounting team, they now have time to take on additional projects to support this business. The senior accounting leader said:

"Anything that's not AP is probably a value-add to the business. We support the business in a lot of different ways. With Airbase, I now have the flexibility to plug and play people on my team to support us in different projects that are not directly accounting related. That's great, because it gives my team capacity to do that kind of stuff, to support the business in a different and unique way."

- **Improved risk mitigation with stronger internal controls.** One notable risk mitigation feature mentioned by the senior accounting leader is the requirement for vendors to maintain control of their vendor master information, preventing unauthorized changes to payment details. This control significantly reduces the risk of unauthorized actions by bad actors and ensures the integrity of vendor payment processes. The implementation of defined approval workflows for vendor payment details, invoice approval, purchase order approval, and protected virtual cards further strengthens risk mitigation efforts.

> "You can set up different approval workflows for invoice and PO approval, and virtual cards are very well protected. We have defined approval workflows for those, so you can't issue a virtual card to yourself and then go on a spending spree. I fully trust my team, but P-card fraud is the number-one source of fraud in businesses. I'm happy that there are great controls around that."
>
> SENIOR ACCOUNTING LEADER, FINANCIAL SERVICES

FLEXIBILITY

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

- **Finance use case ready for AI.** According to Forrester research, finance use cases for AI where the technology exists today are ready for adoption due to a manageable skills gap, stable data, and clear-cut business outcomes.[3] The research said procure-to-pay (P2P) has broad scope and applicability. P2P can use machine learning (ML) to standardize and analyze vendor, spend, contract, market, and supplier data.

  One key area where machine learning (ML) has been applied for many years is invoice processing. Initially, template-based solutions were used where extraction rules were based on specific invoice or purchase order templates. Newer approaches now employ natural language processing (NLP) to extract information from invoices without the need for predefined templates or specific zones. ML algorithms are capable of handling complex document structures without requiring predetermined templates. P2P systems can utilize ML to streamline and analyze various types of data, including vendor information, spending patterns, contracts, market trends, and supplier details. By using augmented business intelligence (BI), these systems can identify past late-payment penalties, identify invoice discrepancies, categorize spending for further review, expedite the onboarding process for new vendors, and automatically identify potential instances of fraud.

  The senior accounting leader explained how their organization have benefited from AI in their early use: "One area where we are seeing great advantages is using AI [from Airbase] to process new tax ID information. When we receive a W-9 file from a vendor, [Airbase's] AI capabilities can read the information and automatically transfer all the necessary details into our vendor master file. It's great because that means someone on my team doesn't have to enter it, and it frees the AP person and their manager to do more value-added activities. The more that Airbase can do on that front would be fantastic."

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

Analysis Of Costs

Quantified cost data

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Ftr	Airbase costs	$0	$69,300	$57,750	$57,750	$184,800	$154,116
Gtr	Internal costs to deploy and maintain Airbase	$75,873	$13,420	$13,420	$13,420	$116,133	$109,246
	Total costs (risk-adjusted)	$75,873	$82,720	$71,170	$71,170	$300,933	$263,362

AIRBASE COSTS

Evidence and data. Licensing costs for Airbase were based on the number of licensed modules for the interviewee's organization. Pricing is established based on a company's size, volume, and use case. The interviewee noted that their financial services firm uses Airbase's Guided Procurement, AP Automation, Expense Management, and Corporate Cards modules. Their organization also paid a one-time onboarding fee to Airbase that covered system configuration, education, and assistance setting up processes, as well as guidance during early stages of system usage and month-end close.

Modeling and assumptions. Based on the interview, Forrester found the following:

- The organization pays $55,000 in license fees per year.
- In Year 1, an onboarding fee of $11,000 was paid to Airbase.
- Pricing will vary with company size and use case. Contact Airbase for additional details.

Risks. Pricing may vary depending on:

- The size and use case required by the organization.
- The number of users required by the organization.

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 $154,000.

Airbase Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Airbase license costs	Airbase		$55,000	$55,000	$55,000
F2	One-time onboarding fee	Airbase		$11,000	$0	$0
Ft	Airbase costs	F1+F2	$0	$66,000	$55,000	$55,000
	Risk adjustment	↑5%				
Ftr	Airbase costs (risk-adjusted)		$0	$69,300	$57,750	$57,750
	Three-year total: $184,800		**Three-year present value: $154,116**			

INTERNAL COSTS TO DEPLOY AND MAINTAIN AIRBASE

Evidence and data. Interviewee noted their organization spent three months planning for and deploying Airbase. Their team also required minimal training as part of the Airbase implementation due to the ease in administering the solution.

Modeling and assumptions. Based on the interview, Forrester found the following:

- The average fully burdened annual salary for the accounting team members is $122,000.
- The team of four spent three months planning for and deploying Airbase. This includes work with their internal stakeholders to determine approval processes and policies.
- One team member spent 50% of their time on the project for three months.
- Three team members spent 15% of their time on the project for three months.
- After deployment, one team member dedicates 10% of their job function to maintaining Airbase and owning the relationship on an ongoing basis.

Risks. The costs for deploying and maintaining Airbase will vary depending on:

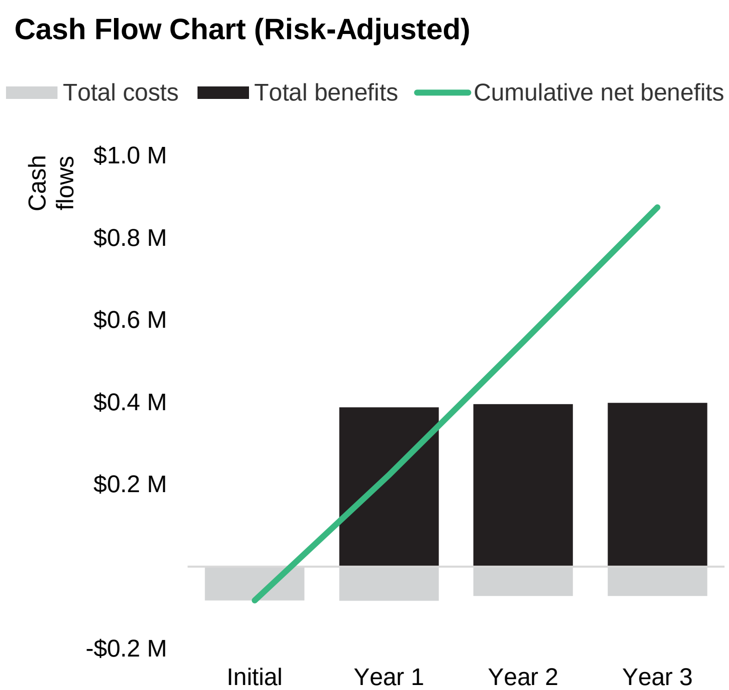
- The size of the company deploying Airbase.
- The number of team members involved in the planning and deployment.
- The complexity of the system and the amount of administration needed annually.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $109,000.

Internal Costs To Deploy And Maintain Airbase						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
G1	Fully burdened annual salary for an accounting team member	TEI standard	$122,000			
G2	Number of months to deploy	Interview	3			
G3	FTE dedicating 50% of their time to planning Airbase deployment	((G1/12)*G2)*50%	$15,250			
G4	FTE dedicating 15% of their time to planning Airbase deployment	(((G1/12)*G2)*15%)*3	$13,725			
G5	External consultant fee	Interview	$40,000			
G6	FTE dedicating 10% of their time to ongoing maintenance	G1*10%		$12,200	$12,200	$12,200
Gt	Internal costs to deploy and maintain Airbase	G3+G4+G5+G6	$68,975	$12,200	$12,200	$12,200
	Risk adjustment	↑10%				
Gtr	Internal costs to deploy and maintain Airbase (risk-adjusted)		$75,873	$13,420	$13,420	$13,420
	Three-year total: $116,133		**Three-year present value: $109,246**			

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics



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

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($75,873)	($82,720)	($71,170)	($71,170)	($300,933)	($263,362)
Total benefits	$0	$387,520	$395,620	$398,320	$1,181,460	$978,513
Net benefits	($75,873)	$304,800	$324,450	$327,150	$880,528	$715,151
ROI						272%
Payback						<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."

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 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.

APPENDIX B: ENDNOTES

[1] 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.

[2] Source: Aswath Damodaran, "Margins by Sector (US)," NYU Stern School of Business, January 2024.

[3] Source: AI In Finance And Accounting — Wide-Eyed But Hopeful, Forrester Research, Inc., January 10, 2022.

FORRESTER®