FORRESTER®

The Total Economic Impact™ Of Everseen's Evercheck Solution

Cost Savings And Business Benefits Enabled By Evercheck

A Forrester Total Economic Impact™ Study
Commissioned By Everseen, September 2024

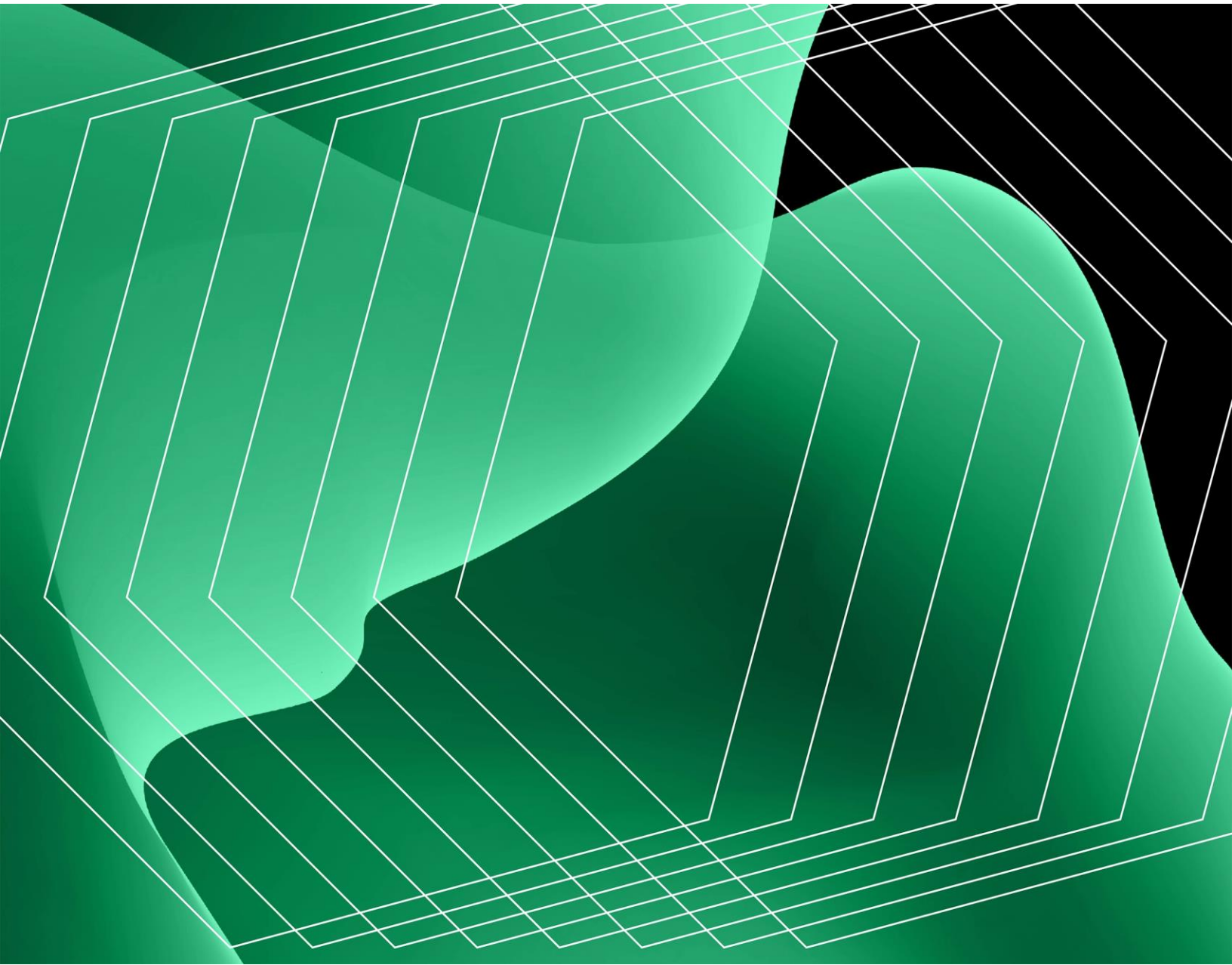


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Consulting Team:

Nick Mayberry

ABOUT FORRESTER CONSULTING

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Executive Summary

During the past several decades, retailers have made substantial investments to deploy self-checkout with an eye toward improving the customer experience, minimizing shrink, and creating operational efficiencies. However, as self-checkout usage increases, so does shrink. To combat this threat, retailers began adding weigh scales and increasing staff monitoring. Since then, errors and false alarms have led staff and customers alike to ignore weigh-scale alerts, defeating their purpose. Meanwhile shoppers are left with a bad customer experience. In response, Everseen developed Evercheck, an AI-powered computer-vision solution aimed at preventing loss and protecting retailers' bottom lines.

Everseen is an AI-powered computer-vision software-as-a-service (SaaS) provider for retailers that offers a suite of shrink-reduction solutions on its Everseen AI platform, which is deployed at retailers around the globe. The primary solution on the platform is Evercheck, which detects potential shrink-related issues at self-checkouts and staffed lanes. It identifies anomalies such as unscanned items and product switching, which prompts shoppers and store associates to correct the detected issues. Evercheck's settings can be configured for the specific needs of each retail location, balancing loss prevention with the overall customer experience. The Everseen AI platform includes other solutions including Evereagle, Evershelf, Everdoor, retailer-developed applications, and third-party applications.

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

Return on investment (ROI)
374%

Net present value (NPV)
$31.3M

Payback
6 mo.

The benefits ($39.7M over three years) versus the costs ($8.4M) adding up to the NPV and ROI above will be explained in detail on pages 7 through 26).

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Evercheck. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a retail organization with $20 billion in annual revenue, a total employee base of 65,000, and a 50% rate of transactions going through self-checkout.

Interviewees said that prior to using Evercheck, their organizations leveraged limited technologies, but they did have weigh scales at all self-checkouts. The limitations imposed by this scenario led to an unacceptably high number of losses, a high labor burden to maintain weigh scale databases, poor customer experiences related to checkout interruptions from false positives, and a poor understanding of the actual losses the organizations were incurring due to both malicious activity and honest errors.

Interviewees said that after the investment in Evercheck, their organizations recouped substantial value by reducing shrink while improving their customer experiences. Key results from the investment include the added value of recouped losses, an increase in productivity by staff that could be deployed to higher value work, and a decrease in technology costs. Importantly, the organizations did all this while improving their customer experiences and with an eye toward deploying more Everseen solutions on the Everseen AI platform to cover other parts of their retail locations beyond the checkout.

KEY FINDINGS

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

- **Loss reduction of 0.14% of revenues.** After deploying Everseen, the composite experiences a reduction in its losses that amount to $88,000 per store annually, or 0.14% of revenues. This recovery is limited by strategic choices made by the composite in relation to maintaining a certain level of improved customer experience compared to its prior state, which only used weigh scales. Over three years, this loss reduction is worth $37.2 million to the composite organization.
- **Staff productivity improvements of 15%.** By automating a certain portion of loss prevention and customer interaction and education, particularly at self-

checkout, the composite organization saves 15% of the amount of time staff previously spent on these activities. It then reschedules and redeploys these same personnel to higher-value work that eventually provides an additional, unquantified impact to savings and the customer experience. Over three years, these improvements to staff productivity are worth $1.9 million to the composite organization.

- **Reduced technology costs of $300,000 annually.** Before deploying Evercheck, the composite had limited technologies in place. But with Evercheck, it replaces a limited video technology solution at a savings of $1,500 per location. Importantly, the composite makes the strategic decision to keep its weigh scales at self-checkout, forgoing additional savings.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Improved customer experience.** The composite experiences improvements to its customer experience after deploying Evercheck, which reduces the number of false positives previously alerted by the weigh scales and ensuring interruptions from staff are more legitimate. Not only does this improve each interaction, but it also reduces wait times.
- **Use of ethical AI.** The composite deploys Evercheck with confidence because it has an ethical approach to artificial intelligence. It masks identities, only captures specific scenes, does not have much longer recordings, and does not include facial recognition.
- **Strategic partnership with Everseen.** Lastly, the composite enjoys an ongoing partnership with Everseen. Everseen representatives regularly meet with the composite, work to understand the company's needs, and incorporate those needs into the composite's product roadmap.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Evercheck fees.** Everseen charges fees based on each lane covered per week. The composite organization pays $4.7 million in fees over three years.
- **Cost of implementation and deployment.** The cost of implementation and deployment for Evercheck includes the cost of hardware (e.g., servers, cameras)

and the cost of internal and external labor. The composite pays $3.6 million for up-front implementation and deployment capital and labor expenses.

- **Time cost of training.** Staff must be trained on Evercheck at an average time cost of 1.25 hours each. For the composite, training costs $161,000 over three years.

The representative interviews and financial analysis found that the composite organization experiences benefits of $39.7 million over three years versus costs of $8.4 million, adding up to a net present value (NPV) of $31.3 million and an ROI of 374%.

Average annual value recouped per store

$88,000

“If you don’t implement technology — ideally some form of self-learning AI at self-checkout — you’ll be taking a major hit to your profit margins.”

VP OF ASSET PROTECTION AND SECURITY, MULTIDEPARTMENT RETAIL

Return on investment (ROI)

374%

Net present value (NPV)

$31.3 million

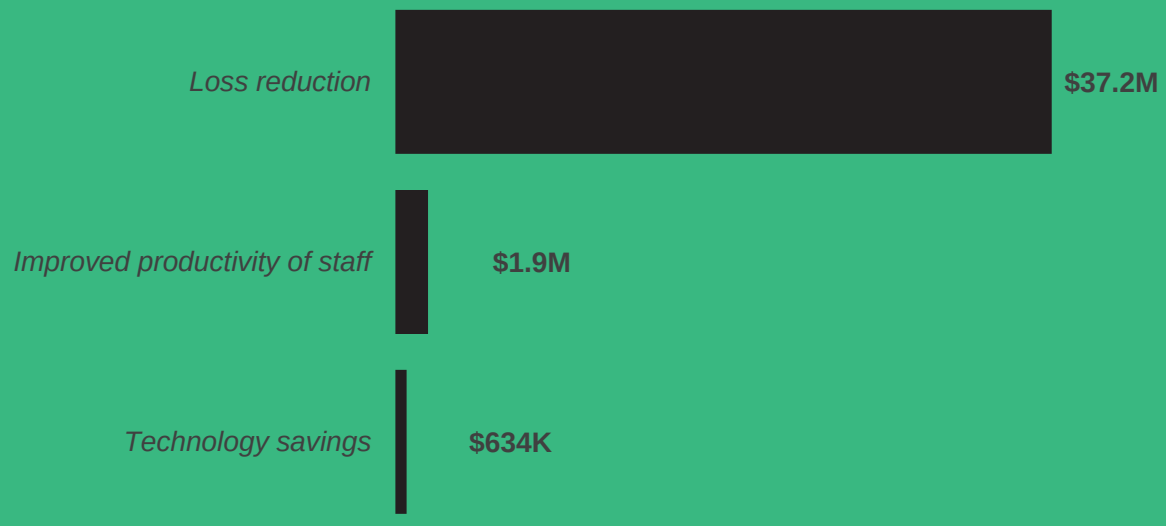
Payback

<6 months

Benefits PV

$39.7 million

Benefits (Three-Year)



The benefits ($39.7M over three years) versus the costs ($8.4M) adding up to the NPV and ROI above will be explained in detail on pages 7 through 26).

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 Evercheck.

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 Evercheck can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Everseen 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 Evercheck.

Everseen 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.

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

1. **Due Diligence**
   Interviewed Everseen stakeholders and Forrester analysts to gather data relative to Evercheck.
2. **Interviews**
   Interviewed four representatives at organizations using Evercheck to obtain data about costs, benefits, and risks.
3. **Composite Organization**
   Designed a composite organization based on characteristics of the interviewees' organizations.
4. **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 interviewees.
5. **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 Everseen's Evercheck Solution Customer Journey

Drivers leading to the Evercheck investment

Interviews			
Role	**Industry**	**Region**	**Percentage of Evercheck transactions**
GM of omnichannel	Retail franchise	EMEA	83%
VP of asset protection and safety	Supercenter retail	North America	70%
Director of business enablement	Multinational retail	APAC	81%
VP of asset protection and security	Multidepartment retail	North America	64%

KEY CHALLENGES

Before deploying Evercheck, each interviewee's organization had made significant investments in self-checkouts and subsequent investments in weigh scales to protect against loss. Only one organization had made a relatively minor investment in automated video surveillance technology.

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

- **Unacceptably high losses.** Despite implementing weigh scales to protect against loss at self-checkout lanes, the interviewees shared that their organizations experienced high losses. The VP of asset protection and security from the multidepartment retailer noted: "Even with weigh scales, 25% of transactions have some element of error. In our analysis, we found that every 1% of self-checkout utilization equated to 2.6 basis points of incremental shrink."

The VP of asset protection and safety from the supercenter retailer shared: “We have an unrivaled penetration of self-checkout stands at our locations, which means we have a high potential exposure to loss. Customers are not trained cashiers, so it’s not only malicious activity we need to prevent, but also the honest mistakes.”

- **Burden of weigh scales.** The interviewees also noted that it was difficult to manage and maintain weigh scales. The VP of asset protection and safety from the supercenter retailer said: “For weigh scales to work as they should, retailers need to maintain their item information and weight databases with every item and every change to those items that sit on their shelves. If not, the system creates so much noise that associates stop responding to the alerts.”
- **Poor customer experience.** The interviewees noted that the challenges with their legacy systems led to poor experiences for their customers. The VP of asset protection and security from the multidepartment retailer noted: “With weigh scales announcing a high number of false positives — as many as three in every transaction — you’re not only slowing down that customer, but each customer that follows them. On top of it, associates needed to intervene more frequently than they do now, and the customer experience became dependent on associates’ people skills.”
- **Poor understanding of actual losses.** Lastly, the interviewees shared that before implementing Evercheck, their understanding of shrinkage had substantial gaps. The VP of asset protection and security for the multi-department retailer noted, “Before [Evercheck,] we had directional knowledge of our shrink, but we didn’t know the depth and scope. We just didn’t have the tools to measure it accurately.”

  Similarly, the VP of asset protection and safety at the supercenter retailer said: “We underestimated the impact of honest customer errors to our shrink. We had focused mostly on malicious activities and therefore were missing the full picture.”

INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- Prevent loss at both self-checkout and at staffed lanes.
- Protect and improve the customer experience during all of these transactions.
- Be flexible enough to work with or without weigh scales and with their already-deployed point-of-sale technologies.

> "Self-checkout without adequate technology is a license to steal."
>
> VP OF ASSET PROTECTION AND SECURITY, MULTIDEPARTMENT RETAIL

> "Weigh scales are entirely dependent on retailers' ability to maintain their weight databases. And, frankly, they fail to do this. We opted to remove weigh scales and configure Evercheck at the highest sensitivity levels."
>
> DIRECTOR OF BUSINESS ENABLEMENT, MULTINATIONAL RETAIL

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it 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 regional grocery retailer that sells fast-moving consumer goods, general merchandise, and sundry items with gasoline and prescription product offerings at various locations. It has total revenues of $20 billion and a total employee base of 65,000. At any given time, it has 4,000 active retail staff members operating its locations. Fifty percent of its transactions go through self-checkout lanes, all of which have weigh scales deployed.

Deployment characteristics. To detect and reduce the high number of losses from its self-checkout lanes while protecting against any negative customer experience, the composite chooses to deploy Evercheck at each of its 200 locations. It implements Evercheck at all of its self-checkout lanes and approximately 30% of its staffed lanes. Once fully deployed, Evercheck covers 65% of the composite's total transactions. During the implementation period, the composite calibrates Evercheck to its liking so that benefits and costs remain static compared to its prior state.

KEY ASSUMPTIONS

$20 billion revenue

65,000 total employees

200 retail locations

65% of transactions covered by Evercheck

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	Loss reduction	$14,974,747	$14,974,747	$14,974,747	$44,924,242	$37,239,980
Btr	Improved productivity of staff	$745,716	$745,716	$745,716	$2,237,148	$1,854,485
Ctr	Technology savings	$255,000	$255,000	$255,000	$765,000	$634,147
	Total benefits (risk-adjusted)	$15,975,463	$15,975,463	$15,975,463	$47,926,389	$39,728,612

LOSS REDUCTION

Evidence and data. Each interviewee said their organization reduced losses after deploying Evercheck. They explained that Evercheck uses visual artificial intelligence to analyze product movements at checkout while maintaining shopper and associate privacy and that it compares the analyzed scenario against the ideal scenario and notifies the customer and associate at both self-checkout and staffed lanes to correct the situation. In doing so, interviewees said it protects against customers and staff failing to scan an item correctly, leaving items in baskets or carts, switching product barcodes, and leaving the store with items after abandoning the transaction. They also said it provides instantly available video that takes subjectivity out of the conversation if necessary.

The VP of asset protection and security from the multidepartment retailer said: “Evercheck created the notion of a nudge. When the customer does not scan an item correctly at self-checkout, Evercheck shows them how they need to re-scan it. Seventy-five percent of the time, they would. The other 25% of the time, they would scan a different item. That’s when we would suspend the transaction and alert a self-checkout attendant to assist the customer.”

Interviewees shared recovering the below approximate annual values per location with Evercheck:

- $41,000 per location (Director of business enablement, multinational retailer)
- $90,000 per location (VP of asset protection and security, multi-department retailer)
- $260,000 per location (VP of asset protection and safety, supercenter retailer)

On value recovered, the GM of omnichannel from the retail franchise said, “Evercheck is exceeding the value that we thought we would recover.” The VP of asset protection and security from the multidepartment retailer shared, “Evercheck contributed to 13 consecutive quarterly drops in shrink.”

The strength of detection and how many nudges to give before alerting an associate can be configured by each retailer to match the desired customer experience. The interviewees noted that achieving the ideal customer experience was a balancing act. For example, at higher-shrink locations, retailers may lower the threshold for alerts and be willing to tolerate a higher number of checkout disruptions — some of which may be inadvertent or false positives. The VP of asset protection and safety at a supercenter retailer said: “It’s important to balance store efficiency, customer experience, and shrink management. But if we dialed Evercheck up, we would recover more shrink.” The director of business enablement at the multinational retailer shared, “If we set Evercheck at full power and implemented additional team trainings, we would be extracting 20% to 30% more value.”

The interviewees also agreed that Evercheck had a deterrence effect on shrink, as well. The VP of asset protection and safety at the supercenter retailer noted: “It’s difficult to measure, but we have seen a deterrence effect. The way we’ve analyzed it is that the number of alerts with [Evercheck] has gone down steadily after implementation and without us reconfiguring anything. This tells us that theft has been deterred, and honest customers have been better educated on self-checkout processes.” The VP of asset protection and security from the multidepartmental retailer said: “Malicious actors will always seek the path of least resistance. That isn’t Evercheck.”

Modeling and assumptions. For the composite organization, Forrester models:

- Evercheck covers 65% of the composite's lanes at every location. On average over the course of a year, Evercheck has an impact on 65% of the composite's $20 billion in total revenues.
- Evercheck recoups $88,000 in annual value for each of the composite's 200 locations, or $17.6 million in total per year. This is a recouped value of 0.14% of revenues via loss prevention.

Risks. The value of reduced losses will vary with:

- The current level of shrink per location.
- The average selling price of items.
- The desired balance of false positives and loss prevention.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $37.2 million.

0.14%

Percent of annual revenues recovered with Evercheck

"I can only imagine what shrink would be without Evercheck. With shrink growing and now at all-time highs, I do know it would be extraordinarily higher than before."

VP OF ASSET PROTECTION AND SECURITY, MULTIDEPARTMENT RETAIL

Loss Reduction					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Total revenues	Composite	$20,000,000,000	$20,000,000,000	$20,000,000,000
A2	Percent deployment of Evercheck	Composite	65%	65%	65%
A3	Revenues running through Evercheck	A1*A2	$13,000,000,000	$13,000,000,000	$13,000,000,000
A4	Percent of revenues recovered via Evercheck	Interviews	0.14%	0.14%	0.14%
At	Loss reduction	A3*A4	$17,617,350	$17,617,350	$17,617,350
	Risk adjustment	↓15%			
Atr	Loss reduction (risk-adjusted)		$14,974,747	$14,974,747	$14,974,747
	Three-year total: $44,924,242		**Three-year present value: $37,239,980**		

IMPROVED PRODUCTIVITY OF STAFF

Evidence and data. The interviewees also shared that Evercheck had a positive impact on staff productivity at their retail locations. The VP of asset protection and safety at the supercenter retailer detailed, “With the massive reduction in false positives moving from weigh scales to Evercheck, we’ve been able to reduce our staffing ratios at the self-checkout and redeploy these attendants to more productive work, like assisting customers on the floor.”

The GM of omnichannel at the retail franchise stated: “We now have a better understanding of the number of associates required at self-checkout. We’ve been able to task 15% of those workers with other more productive uses of their time.” The VP of asset protection and security from the multidepartment retailer agreed, saying: “We’ve seen a massive improvement in staff productivity. Staff used to call the attendant stand a ‘vacation station,’ but Evercheck has increased the quality and productivity of our self-checkout attendants.”

Modeling and assumptions. For the composite organization, Forrester models:

- A total of 4,000 retail staff members are active at any given time across the composite’s 200 locations.

- Evercheck covers 65% of the composite's lanes at every location. This means that on average over the course of a year, it covers 65% of total working staff at any given time.
- Evercheck saves the composite 15% of the labor time previously required to manage self-checkout.
- The average fully burdened annual rate for a staff member is $22,495.
- A conservative 10% of this recaptured time is used by staff productively.

Risks. The value of improved staff productivity will vary with:

- The total number of staff and transactions covered by Evercheck.
- The average fully burdened annual rates of staff members.
- The amount of recaptured time staff uses productively.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.9 million.

15%

Staff time savings with Evercheck

"We not only improved the productivity of our typical retail staff, Evercheck also helped us improve the productivity of our security workforce at each location."

GM OF OMNICHANNEL, RETAIL

Improved Productivity Of Staff					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Total retail staff members	Composite	4,000	4,000	4,000
B2	Percent deployment of Evercheck	Composite	65%	65%	65%
B3	Improved productivity of staff	Interviews	15%	15%	15%
B4	Fully burdened annual rate for a staff member	TEI standard	$22,495	$22,495	$22,495
B5	Productivity recapture rate	TEI standard	10%	10%	10%
Bt	Improved productivity of staff	B1*B2*B3*B4*B5	$877,313	$877,313	$877,313
	Risk adjustment	↓15%			
Btr	Improved productivity of staff (risk-adjusted)		$745,716	$745,716	$745,716
	Three-year total: $2,237,148			**Three-year present value: $1,854,485**	

TECHNOLOGY SAVINGS

Evidence and data. The interviewees shared that their organizations would replace the limited technologies they had in place before using Evercheck. For example, the VP of asset protection and safety from the supercenter retailer shared having a video technology solution that would capture and analyze loss-related anomalies and report them to the retailer after the fact. Based on this, the organization hoped to train employees better or implement other controls to address specific kinds of loss, but it could only impact future losses. It could not stop loss as it happened.

The interviewees also noted that their organizations optionally could choose to accrue additional savings by removing the weigh scales in favor of Evercheck. For example, the supercenter retailer chose to remove its weigh scales which led to additional unquantified savings while the multinational retailer decided to keep its weigh scales and use both solutions in tandem.

Modeling and assumptions. For the composite organization, Forrester models that the composite previously spent approximately $1,500 annually at each of its 200 locations on fees and management costs for a video technology solution that Evercheck replaces.

Risks. The value of technology savings will vary with:

- The existence of any prior technologies replaced by Evercheck.
- The annual costs of these technologies and the costs to manage them.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $634,000.

Technology Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Technology savings per store	Interviews	$1,500	$1,500	$1,500
C2	Total locations	Composite	200	200	200
Ct	Technology savings	C1*C2	$300,000	$300,000	$300,000
	Risk adjustment	↓15%			
Ctr	Technology savings (risk-adjusted)		$255,000	$255,000	$255,000
	Three-year total: $765,000		**Three-year present value: $634,147**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved customer experience.** Each interviewee noted that implementing Evercheck at self-checkout and some staffed lanes helped to improve their organization's customer experience by reducing the number of false positives alerted by weigh scales while ensuring limited interruptions from staff. Staff members also gained better knowledge of the errors that stop transactions and video evidence and improved their ability to inform customers about the proper means of scanning items without being accusatory. This not only improved each interaction, but also wait times.

  The interviewees noted that being able to configure the strength of Evercheck let them control the balance of customer experience and loss prevention in a way they could not before. The VP of asset protection and security for the

multidepartment retailer said: “We absolutely have more control over customer experience with Evercheck. We don’t have to win every battle to win the war. We’re never going to stop all loss, and if we went down that path, we would hurt customer experience and our revenues. Evercheck lets us strike the right balance for us.”

Some of the interviewees said that by striking this right balance, their organizations felt comfortable expanding their self-checkout investments, which is a trend that has been on the decrease as losses at self-checkout have increased.

For example, the GM of omnichannel from the retailer franchise shared: “We now have the flexibility to expand self-checkout, reduce shrink, and improve the customer experience all at the same time. We could even accrue additional productivity savings this way, as well.”

- **Use of ethical AI.** The interviewees noted that Everseen uses an ethical approach to the artificial intelligence it uses in the Everseen AI platform, and that this helped them decide to deploy the AI technology. The VP of asset protection and security from the multidepartment retailer said: “There were no no’s from us related to their AI. Unlike facial recognition, which is contentious, nothing Evercheck is doing felt Big Brother-like. We had no concerns related to legal, privacy, or governance.”

  The director of business enablement from the multinational retailer shared, “Artificial intelligence and privacy are massive concerns in some parts of the globe. We have found that taking local politicians into our stores and showing them the technology and how we use it completely deflates unfounded concerns.”

- **Strategic partnership with Everseen.** Lastly, the interviewees shared that their organizations see Everseen as more than just a vendor, instead viewing it as a strategic partner in their core business strategies. For example, the VP of asset protection and safety at the supercenter retailer said: “Everseen has been a strategic partner to us in that they look at our problems, analyze them, and then [continue to] develop the technology that solves those problems. They aren’t out there with a solution to a problem they only hope we have.”

The GM of omnichannel for the retail franchise shared: “Everseen has a vision. They interact with our senior management, always briefing us on changing data patterns and spotting any possibility of strengthening the relationship by developing and piloting new features or products.”

> “[Evercheck] provides short clips that play back to the customer to show what went wrong and how to correct their actions. We don’t need to call customers out, which reduces blame and improves their experiences.”
>
> **DIRECTOR OF BUSINESS ENABLEMENT, MULTINATIONAL RETAIL**

> “We’ve never looked at Everseen as just a vendor. They get high marks for customer service and their level of attentiveness.”
>
> **VP OF ASSET PROTECTION AND SECURITY, MULTIDEPARTMENT RETAIL**

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Evercheck and later realize additional uses and business opportunities. One such scenario includes:

- **Platform approach.** The interviewees noted that their organizations could build inventory and loss management systems that covered an entire stores while incurring less marginal investment than otherwise by leveraging more technologies on Everseen's AI platform. For example, the VP of asset protection and safety from the supercenter retailer said: "We went with Evercheck first because front-of-store is a location that every customer touches. As we expand our relationship with Everseen, we will be looking at other parts of the store, such as the shelves or our delivery receiving locations, to protect next. There is a force multiplier to Everseen's solutions that will increase the benefits we're already getting with Evercheck."

  The VP of asset protection and security from the multidepartment retailer shared: "Everseen is a clear player in integrating and dovetailing different loss protection products into a full platform for our stores. They bring value individually, but combined, [they] would become a force multiplier."

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**
Dtr	Evercheck fees	$0	$1,872,000	$1,872,000	$1,872,000	$5,616,000	$4,655,387
Etr	Cost of implementation and deployment	$3,570,000	$0	$0	$0	$3,570,000	$3,570,000
Ftr	Time cost of training	$0	$86,250	$52,613	$52,613	$191,475	$161,419
	Total costs (risk-adjusted)	$3,570,000	$1,958,250	$1,924,613	$1,924,613	$9,377,475	$8,386,806

EVERCHECK FEES

Evidence and data. The interviewees said their organizations pay Evercheck fees based on the number of lanes covered per week across the location footprint.

Modeling and assumptions. For the composite organization, Forrester models:

- The composite's average annual cost per lane is $936.
- Evercheck covers an average of 10 lanes per location.

Risks. The actual cost of Evercheck fees will vary with:

- The number of Evercheck protections deployed.
- The current technologies in place.
- The number of lanes and locations covered.

Results. Forrester priced the composite organization directly with Everseen. As such, no risk adjustment has been made, yielding a three-year total PV (discounted at 10%) of $4.7 million.

Evercheck Fees						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Average cost of Evercheck per lane	Everseen	$0	$936	$936	$936
D2	Average lanes per location with Evercheck	Everseen	0	10	10	10
D3	Stores with Evercheck	C2	0	200	200	200
Dt	Evercheck fees	D1*D2*D3	$0	$1,872,000	$1,872,000	$1,872,000
	Risk adjustment	0%				
Dtr	Evercheck fees (risk-adjusted)		$0	$1,872,000	$1,872,000	$1,872,000
	Three-year total: $5,616,000			**Three-year present value: $4,655,387**		

IMPLEMENTATION AND DEPLOYMENT COSTS

Evidence and data. The interviewees noted that their organizations incur implementation and deployment costs for each lane covered by Evercheck. These costs include the cost of servers, cameras, internal labor, and external labor. According to interviewees, the average cost of these items adds an up-front capital expense of up to approximately $1,700 per lane.

Modeling and assumptions. For the composite organization, Forrester models that the composite's up-front capital expense per lane for equipment and labor where Evercheck is implemented is $1,700.

Risks. The actual cost of implementation and deployment will vary with:

- The cost of equipment needed.
- The cost of labor needed.
- The number of lanes covered.
- The number of locations.

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 $3.6 million.

Implementation And Deployment Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Average up-front capital expense per lane	Interviews	$1,700	$0	$0	$0
E2	Average lanes per location with Evercheck	Composite	10	0	0	0
E3	Stores with Evercheck	C2	200	0	0	0
Et	Cost of implementation and deployment	E1*E2*E3	$3,400,000	$0	$0	$0
	Risk adjustment	↑5%				
Etr	Cost of implementation and deployment (risk-adjusted)		$3,570,000	$0	$0	$0
	Three-year total: $3,570,000			**Three-year present value: $3,570,000**		

TIME COST OF TRAINING

Evidence and data. Lastly, the interviewees acknowledged that their organizations incur time costs associated with training their workforces on how best to use Evercheck as well as training staff members based on learnings acquired from the use of Evercheck.

Modeling and assumptions. For the composite organization, Forrester models:

- Four thousand total staff members need to be trained on Evercheck.
- The composite has an average staff turnover rate of 61%.
- The average staff member requires 1 hour and 15 minutes of training on Evercheck.
- The average fully burdened hourly rate for a trained staff member is $15.

Risks. The cost of training may vary with:

- The number of staff members who need to be trained.
- The rate of trained staff turnover.
- The average fully burdened hourly rates for trained staff members.

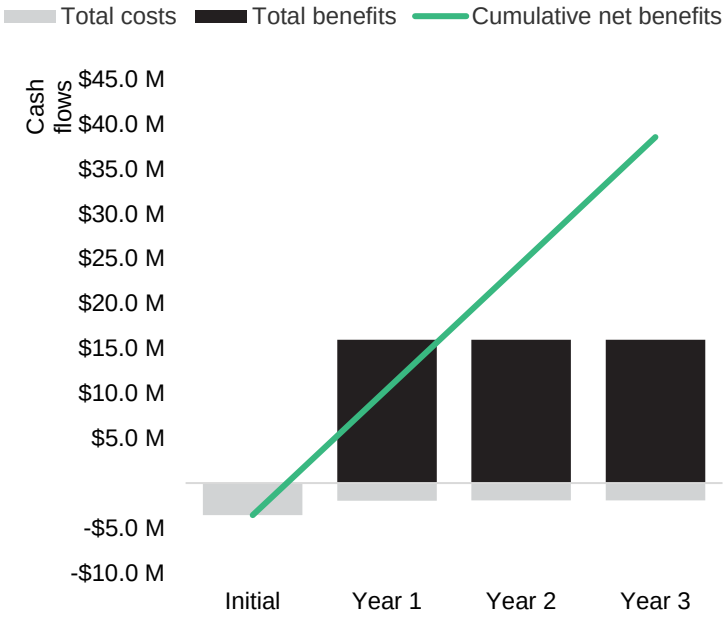
Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $161,000.

Time Cost Of Training						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Total employees trained	Composite	0	4,000	2,440	2,440
F2	Time needed for training (hours)	Interviews		1.25	1.25	1.25
F3	Average fully burdened hourly rate for a trained employee	TEI standard		$15	$15	$15
Ft	Time cost of training	F1*F2*F3	$0	$75,000	$45,750	$45,750
	Risk adjustment	↑15%				
Ftr	Time cost of training (risk-adjusted)		$0	$86,250	$52,613	$52,613
	Three-year total: $191,475			**Three-year present value: $161,419**		

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)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($3,570,000)	($1,958,250)	($1,924,613)	($1,924,613)	($9,377,475)	($8,386,806)
Total benefits	$0	$15,975,463	$15,975,463	$15,975,463	$47,926,389	$39,728,612
Net benefits	($3,570,000)	$14,017,213	$14,050,851	$14,050,851	$38,548,914	$31,341,806
ROI						374%
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.

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