

Email ROI Calculator Tool

This tool can be used to identify and analyze the current costs of managing email in the organization, the total cost of ownership (TCO) of an email management solution, the benefits of managing email more efficiently, and the effective return on investment of the email management solution.

The tool consists of three tabs. The first tab asks for information that can be used to analyze the current costs of email to the organization today. The second identifies and quantifies the costs of implementing an effective email management solution, including procurement costs and costs to operate the solution over a three-year period. The third identifies the benefits to be realized from the email management solution as compared to the existing costs from Tab 1 and applies the costs and benefits in order to determine an ROI figure.

It should be noted that this tool is only as accurate as the data that is entered. Users are encouraged to be absolutely honest and thorough in their calculation of costs and benefits in order to ensure that the ROI figure is as accurate as possible.

It is also important to consider any non-quantifiable benefits that may result from more effective email management, such as faster, more effective decisionmaking or compliance with regulatory requirements.

Instructions

Each worksheet is structured in similar fashion. The values are listed along the left, with a brief description of each value as a comment to the cell. The descriptions are also provided in more detail in these instructions. The center of each worksheet, labeled “Organization’s costs”, provides areas for users of this tool to enter their own organization’s data. The right side of each worksheet, labeled “Sample costs”, includes sample values that are only as reference and may bear little resemblance to any actual and current costs.

For those fields that reflect staff time, the costs per hour are provided as the initial field in the table. These costs are calculated as follows:

Annual salary / 2080 hours per year * 1.3 to account for benefits

For example, the IT resource is calculated at \$75,000 per year /2080 * 1.3 = \$46.88/hour. If contract resources are required, such as for review by external counsel, simply enter the billable rate in this field.

For those fields that calculate costs and benefits over a three-year period, the formulas do not take into account any inflation, expected growth in costs, etc. as these might vary so dramatically according to organization and jurisdiction. Accordingly, the formulas may need to be modified to account for this where those values can be determined.

Users should enter as much data as is available, starting with the first tab and proceeding to the third.

Section 1 – Cost to manage email today

This worksheet is used to calculate the costs of managing email today and is broken into several areas. Hard costs are those costs that are required to store and manage email from a hardware perspective. Costs shown are samples and should be replaced by the organization's costs. The Year 2 and Year 3 costs assume a 20% growth rate.

This worksheet also addresses the time users spend administering their own email. As is shown in the sample costs, this is far and away the highest cost to the organization of email. Studies by a number of analyst firms suggest that users spend approximately 2 hours per day using and managing their organizational email accounts and that this will rise to almost 3.5 hours per day within the next three years.

Finally, this worksheet identifies some of the soft costs involved in managing email. These are costs that are not regularly or consistently required. The biggest concern here will be with discovery and production of messages in support of litigation or audit. According to one estimate, 1 gigabyte (GB) of magnetic storage today costs around \$0.20, while the cost of reviewing 1 GB of email can be as high as \$3,500. Another estimate from Forrester Research indicates that the cost of reviewing a GB of email might be as high as \$1,800. These costs include the cost to restore messages by IT and the cost to review them by attorneys and paralegals as shown in the Soft Costs section, and are a significant reason why "keep everything forever" is so problematic as an email management approach. Which estimate is more accurate is not as important as understanding that the physical cost of storage may be the cheapest part of the process.

Hard costs

- 1) **Email storage** (for the message store). This is the total cost of the storage required to store active email. This may need to be determined as a percentage of the total storage cost of the organization. For example, if an organization's storage costs \$100,000 per year, and IT determines that email storage is 45% of that cost, the figure here would be \$45,000.
- 2) **Email backup media cost** (e.g. tapes). This is the cost of the media required to back up the message store. The most common cost is tapes; this could also include secondary magnetic media or optical media.
- 3) **Email backup media storage costs** (e.g. cost to store tapes). This refers to the specific cost of tape storage. No data should be entered in this field; instead, the data should be entered in one or both of the two following fields.
- 4) **Onsite**. This is the hard cost of storing backup media on site, such as tapes in the data center or in a warehouse. This cost may be difficult to quantify, particularly if backup tapes are not kept for very long onsite (or very long period).
- 5) **Offsite**. These are the hard costs related to storing backup media off site, whether this is at a secure storage facility, a records management facility, or another location within the organization (for example, a corporate records center that stores all backups centrally). These costs might be given as a simple monthly fee or as a menu of prices for media pick-up, media storage, media destruction, etc.
- 6) **Email archive storage costs**. These are the additional costs to archive and store messages using either personal archive files (.pst, .nsf) or email archiving solutions. These costs may be calculated by data volume, the cost of an appliance (and potentially additional storage), or even as a monthly fee in a hosted environment.
- 7) **Total**. This is the sum total of the costs listed in this section and is calculated automatically.

Soft costs

- 8) **Time users spend administering their email.** The Radicati Group estimates that users spend 26% of their time managing email; for a standard 40-hour week, this equates to 10.4 hours. The sample field is rounded down to 10 hours and the average rate shown reflects a \$50,000/year salary, fully burdened. If the organization has an average blended salary rate, it could be used here as well. If the organization is not prepared to address this as a consideration, leave this field blank.
- 9) **Time required to restore backups.** This is an IT staff role. According to studies, the average time to restore backups and produce messages in response to a user request can exceed 11 hours per incident. The numbers here vary widely according to how large the organization is, how messages are archived or backed up, and the amount to be restored. We have used a representative value of 1 hour per week over the course of the year.
- 10) **Time required to support users.** This reflects the time IT spends on user support as it relates to email management – primarily fielding requests for either more mailbox storage space or length of time, restoring lost messages, and configuring rules engines for classification and/or security concerns.
- 11) **Time required to produce messages for discovery (IT).** This reflects the time required of IT to restore backup tapes; provide management, auditors, or counsel access to email inboxes for searching; produce messages from archives and ECM solutions, etc. This figure and those that follow in this section will vary widely depending on not only the size and complexity of the organization but more importantly the number of cases for which discovery is required.
- 12) **Time required to review messages for discovery (lawyer).** This reflects the time required by counsel to review messages for relevance, privilege, and work product.
- 13) **Time required to review messages for discovery (paralegal).** Many organizations use paralegals for initial review for relevancy in order to reduce costs.
- 14) **Time required to review messages for discovery (admin staff).** Organizations may use administrative staff to review for relevancy and to identify additional resources to review.
- 15) **Total.** This is the sum of the soft costs.
- 16) **Total cost to manage email today.** This is the sum of the hard and soft costs and shows the total cost over three years.

Section 2 – Cost of an email management solution

The costs of a prospective email management solution will depend on a number of different factors. The first question to answer is what solution or solutions will be required, as email management encompasses archiving, discovery support, personal archive file management, security, and a number of other sets of functionality. Not all vendors support all the different capabilities, meaning the organization may need to acquire multiple solutions.

Next, the organization must determine whether to implement using a hosted model, an appliance installed on the network, or software that must be installed on the organization's own hardware, and must address both procurement and ongoing costs associated with each. Finally, the organization should investigate the cost model – whether the solution fees are based on volume of messages, volume of data, or simply number of licenses.

One-time cost of procurement

- 1) **Hardware server.** This is the cost for any additional hardware required for the prospective email management solution(s). If the organization implements a hosted or appliance-based solution, this field should be left blank.
- 2) **Storage server.** This is the cost for additional storage required specifically for the email management solution. If the organization implements a hosted or appliance-based solution, this field should be left blank.
- 3) **Email management software server license.** This is the cost of server-based licenses for the prospective email management solutions and could be calculated as a flat rate or per CPU. If the organization selects an appliance-based solution, enter its entire cost here.
- 4) **Client licenses.** This is the cost for client-based licenses and could be priced on a per-seat, named-user bases or in a concurrency model (for example, the organization purchases 1,000 concurrent licenses, which in concurrency could support a higher number of users).
- 5) **Hosted setup fee.** This is the cost to set up an account for a hosted email management service provider. The recurring subscription fees will be entered below.
- 6) **Project-related staffing.** This is the cost to the organization of the time spent by its staff to conduct the entire procurement and implementation exercise. This could include time from project managers, individual business users, IT, records management, legal, and others; because an email management project is so complex, we recommend that the organization put its project plan together and then enter the cost of the project in this field.
- 7) **Consulting.** This represents the third-party consulting costs associated with designing, procuring, and implementing the prospective email management solution. If the organization does not use consulting for this project, leave this field blank.
- 8) **Cost to migrate legacy messages into the archival system.** This represents the time required to move messages from existing message stores, personal archive files, and backup tapes into the archival system. If the organization chooses not to do this, leave this field blank. The sample field estimates 12 weeks of an IT resource's time to do this.
- 9) **Time required for trainer to develop and deliver training.** This represents the cost for a trainer to develop and deliver training on the revised policy, procedures, and potential applications. The figure here assumes an effort of 120 hours to develop a two-hour training module plus 100 hours to deliver it to the entire organization, 20 users at a time or 50 workshops total.
- 10) **Time required to train users.** This field represents the cost to train users including the actual time the users will spend in training and away from their desks. The sample assumes a 2-hour training session for every employee (1,000 employees x 2 = 2,000) and a blended burdened rate of \$31.25 per hour.

- 11) **Time required to develop policies and procedures.** This field represents the organizational cost to develop, review, and implement email management-related policies and procedures. If this is done as part of the project cost, it should NOT be entered here. The sample field assumes 500 hours of more skilled resources with a blended burdened rate of \$46.88 per hour.
- 12) **Time required to review and update processes.** This field represents the organizational cost to review and update processes to comply with the updated policies and procedures. Again, if this is included in the project, it should not be entered again here or the cost will be double-counted. The sample field assumes 500 hours of more skilled resources with a blended burdened rate of \$46.88 per hour.
- 13) **Total.** This is the total cost to implement the email management solution without addressing any of its operational costs, which will be calculated separately below. This field should sum fields 1-12 automatically.

Cost to operate

- 14) **Hardware maintenance.** If the procured hardware requires (or strongly recommends, and the organization purchases) a support or maintenance agreement, enter its cost here.
- 15) **Storage server maintenance.** If the procured hardware requires a maintenance agreement, enter its cost here.
- 16) **Software server maintenance.** If the procured software requires a maintenance agreement, enter its costs here. This is by far the most common of the required maintenance costs. Enter maintenance costs for an application in this field.
- 17) **Client maintenance.** If the procured client software requires a maintenance agreement, enter its costs here.
- 18) **Hosted fee.** This is the ongoing subscription fee for any solutions that use the hosting model and may be fixed for the life of the contract or calculated by volume such as # messages stored/blocked/encrypted or amount of data to be stored. Don't enter any data in this field; instead, enter it in the appropriate field or fields below.
- 19) **Per client.** Enter the subscription fee here if calculated on a per-client or per-seat basis.
- 20) **Per volume.** Enter the subscription fee here if calculated by volume of messages or data.
- 21) **IT staffing.** This cost reflects the additional cost for IT resources to administer the email management solution. For a larger organization or a more complex solution this might be a full-time employee or even a small staff; for smaller organizations this might simply be an additional duty.
- 22) **Total.** This field calculates all of the ongoing operational costs automatically and should not be changed.
- 23) **Total cost of email management solution.** This field automatically adds the cost of procurement and the cost of the solution over three years to deliver a total cost of ownership, or TCO, for the email management solution.

Section 3 – Benefits of the email management solution

Most of the costs listed here are the same costs as on the first tab. Those costs should drop once the email management solution has been implemented. We also include a third section that identifies additional potential benefits from implementing a more effective email management program.

Hardware Costs

- 1) **Email storage** (for the message store). This is the total cost of the storage required to store active email.
- 2) **Email backup media cost** (e.g. tapes). This is the cost of the media required to back up the message store.
- 3) **Email backup media storage costs** (e.g. cost to store tapes). This refers to the specific cost of tape storage. No data should be entered in this field; instead, the data should be entered in one or both of the two following fields.
- 4) **Onsite**. This is the hard cost of storing backup media on site, such as tapes in the data center or in a warehouse.
- 5) **Offsite**. These are the hard costs related to storing backup media off site.
- 6) **Email archive storage costs**. These are the additional costs to archive and store messages using either personal archive files (.pst, .nsf) or email archiving solutions.
- 7) **Total**. This is the sum total of the costs listed in this section and should be calculated automatically.

Soft costs

- 8) **Time users spend administering their email**. This is the time per day users must spend in the inbox looking for messages; this should also reflect any time required to search the email management solution.
- 9) **Time required to restore backups**. This is another IT staff role.
- 10) **Time required to support users**. This reflects the time IT spends on user support as it relates to email management.
- 11) **Time required to produce messages for discovery (IT)**.
- 12) **Time required to review messages for discovery (lawyer)**.
- 13) **Time required to review messages for discovery (paralegal)**.
- 14) **Time required to review messages for discovery (admin staff)**.
- 15) **Total**. This is the sum of the soft costs.

- 16) **Total cost to manage email before**. This is the figure from the first tab.
- 17) **Total cost to implement email management**. This is the figure from the second tab.
- 18) **Total cost to manage email today**. This is the sum of the costs for all three sections in this tab.
- 19) **Savings over three years**. This figure reflects the savings over three years by subtracting the cost to implement email management and the cost to manage email today from the total cost to manage email before.

Additional benefits of an email management solution

These are benefits that can be even more challenging to quantify, if they can be quantified at all, but are nevertheless things to consider particularly when making the business case for an email management program and solution. Additional benefits could include:

- Better customer service and responsiveness, both internally and for customers and partners. Better-managed email will make it easier to find relevant messages in context and provide faster, more accurate responses.
- Job satisfaction for users who can find email more efficiently for themselves and in customer service roles.
- Better decisionmaking as a result of being able to gather a broader picture from email efficiently.
- Reduced risk of inadvertent disclosure of sensitive information, such as intellectual property or confidential information.
- Reduced risk of inadvertent production of privileged information during discovery
- Reduced risk of litigation and discovery. This is largely outside the control of the organization, but if opposing counsel is made aware of the effectiveness of the email management program it may result in settlement prior to litigation.
- Reduced risk of not being in compliance with applicable regulatory requirements – or more importantly, improved ability to demonstrate compliance with those requirements.
- Litigation on the merits rather than settlement. Many organizations will settle legal cases where the amount in question is below the minimum discovery cost, even if the organization might otherwise prevail on the merits. Better email management could reduce those minimum discovery costs allowing the organization to litigate rather than settle in some cases.