

FORRESTER®

The Total Economic Impact™ Of Atlassian Cloud

Cost Savings And Business Benefits
Enabled By Jira Software And Confluence On Atlassian Cloud

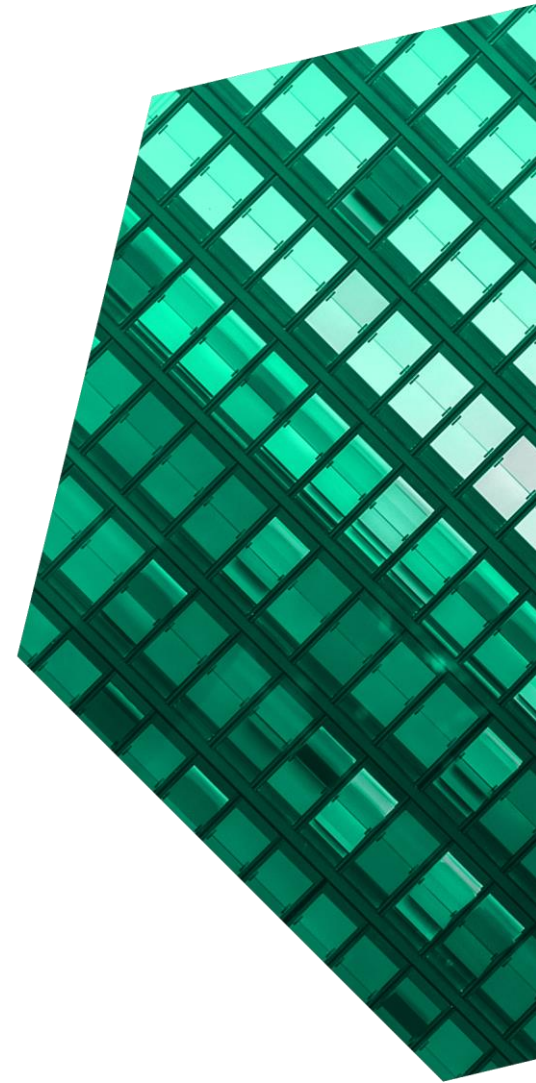
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Executive Summary

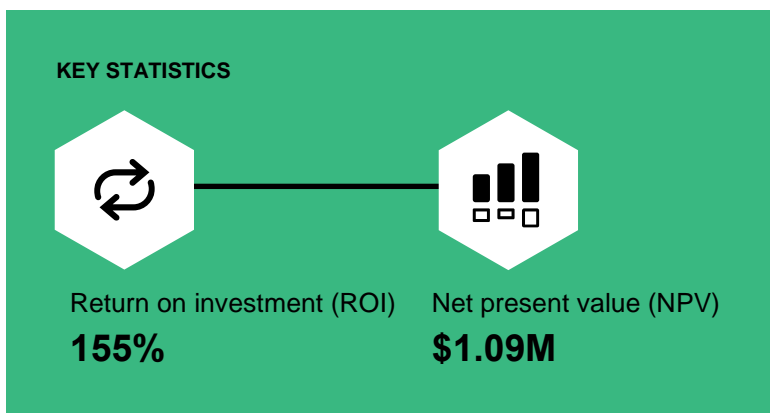
As companies continue to embrace digital transformation and adopt agile software development practices, many find themselves taking existing toolsets to the cloud for better accessibility, higher scalability, and a more standardized way of working. For years, companies have used Jira Software and Confluence as components in the developer’s toolkit — and now, Atlassian Cloud has brought both solutions to the cloud and is showcasing improvements in productivity while increasing scalability.

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

Deploying Jira Software and Confluence on Atlassian Cloud provides organizations with similar benefits of those applications while also gaining benefits of a software-as-a-service (SaaS) solution, including scalability, consistency and quality in upgrades, and avoidance in hardware and maintenance costs.

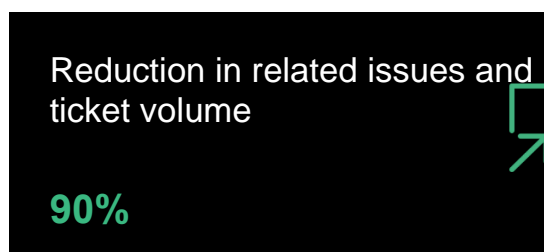
To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Jira Software and Confluence on Atlassian Cloud. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single [composite organization](#). For the purposes of this study, Forrester refers to the composite organization as Laud Jeans.

Prior to using Atlassian Cloud, Laud Jeans had been using Jira Software and Confluence on-premises for over 10 years. With a “cloud-first” strategy and agile methodology sitting at the core of Laud Jeans’ digital transformation roadmap, Jira Software and Confluence were several of the last technology components yet to be migrated to cloud. The



composite had considered moving the software to a hosted solution model with a public cloud provider but found better alignment with Atlassian’s product roadmap and functionality after testing Jira Software and Confluence on Atlassian Cloud.

Upon investing in Atlassian Cloud, Laud Jeans can provide all its product teams with a standardized tool and consistent experience, while minimizing the need to customize or maintain customizations throughout the tool’s lifecycle. Key results from the investment include an improvement in productivity, avoidance in hardware and maintenance costs, and avoidance in on-premises software costs.



KEY FINDINGS

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

- **Cloud productivity (\$1,140,036).** Laud Jeans' adoption of Atlassian Cloud is part of a larger digital transformation that puts cloud solutions and agile at the forefront. The organization held two goals as part of deploying Atlassian Cloud. Customizations to Jira Software were pain points for the on-premises deployment as they took time and effort to develop, update, and maintain — from functionality to security. Migrating to the cloud creates a sort of “reset” and brings all 100 product teams back to a shared standard and avoids more than 4 FTEs for customization maintenance time and effort.

Laud Jeans had also noticed in recent years, and especially during periods with heavier work-from-home (WFH) activity, that its on-premises deployments of Jira Software and Confluence were not very stable or reliable. Users were

submitting around 45 tickets per month, and issues ranged from slow speeds, permissions, a customization not working or requiring updates, or some type of VPN issue. Laud Jeans experiences a 90% reduction in related tickets after deploying Atlassian Cloud.

- **Cloud cost avoidance in hardware and maintenance (\$240,505).** A primary expected benefit in cloud migration is the avoidance of having to buy or own hardware and the recurring cost to maintain and upgrade it. The composite model accounts for a hardware refresh cost avoidance in Year 1 and recurring maintenance cost avoidance each year thereafter.
- **Cloud cost avoidance in software (\$413,439).** Decision-makers often forget to include the cost of prior-state software as a benefit. As organizations adopt new cloud software, they can reasonably expect to decommission the prior state, on-premises software and related add-ons. The composite model accounts for decommissioning Jira Software server and

There will always be laggards who complain about something, but reality is that 90% of those complaints were gone once we moved to Atlassian Cloud.

— Head of cybersecurity, regional technology company

Infrastructure cost and maintenance is significant for us. It's not just the hardware refreshes and labor, but it's also complementing tech like indexing every two weeks and load balancers.

— Agile product owner, global retail company

Confluence server costs as well as related add-ons and plugins.

Costs. Risk-adjusted PV costs include:

- **Atlassian Cloud cost (\$532,946).** This is the solution cost that accounts for total users and the different components of the solution. Across 100 product teams, Laud Jeans has 750 users in the first year for Jira Software and Confluence. Readers should avoid any double-counting during planning in case product teams have part-time members, like scrum masters, who work on multiple teams. The composite model accounts for Jira Software Cloud, Confluence Cloud, Atlassian Access (for SSO), and three add-ons from Atlassian Marketplace (test management, diagramming, workflow).
- **Deployment and training cost (\$171,297).** Laud Jeans dedicates 2 FTEs for six weeks to ensure a successful migration. Forrester conservatively estimates training time per user at 3 hours, and

the composite model accounts for incremental training hours for new hires. Some interviewees mentioned that deployment was relatively simple and user training was very straightforward, especially if the user base is experienced with Jira Software and Confluence on-prem. However, Forrester recommends users to conservatively budget time, effort, and costs related to deployment and training as these items were material for a portion of the interviewed customers.

The customer interviews and financial analysis found that a composite organization experiences benefits of \$1.79M over three years versus costs of \$704K, adding up to a net present value (NPV) of \$1.09M and an ROI of 155%.



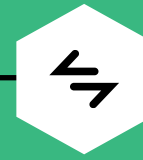
ROI
155%



BENEFITS PV
\$1.79M



NPV
\$1.09M

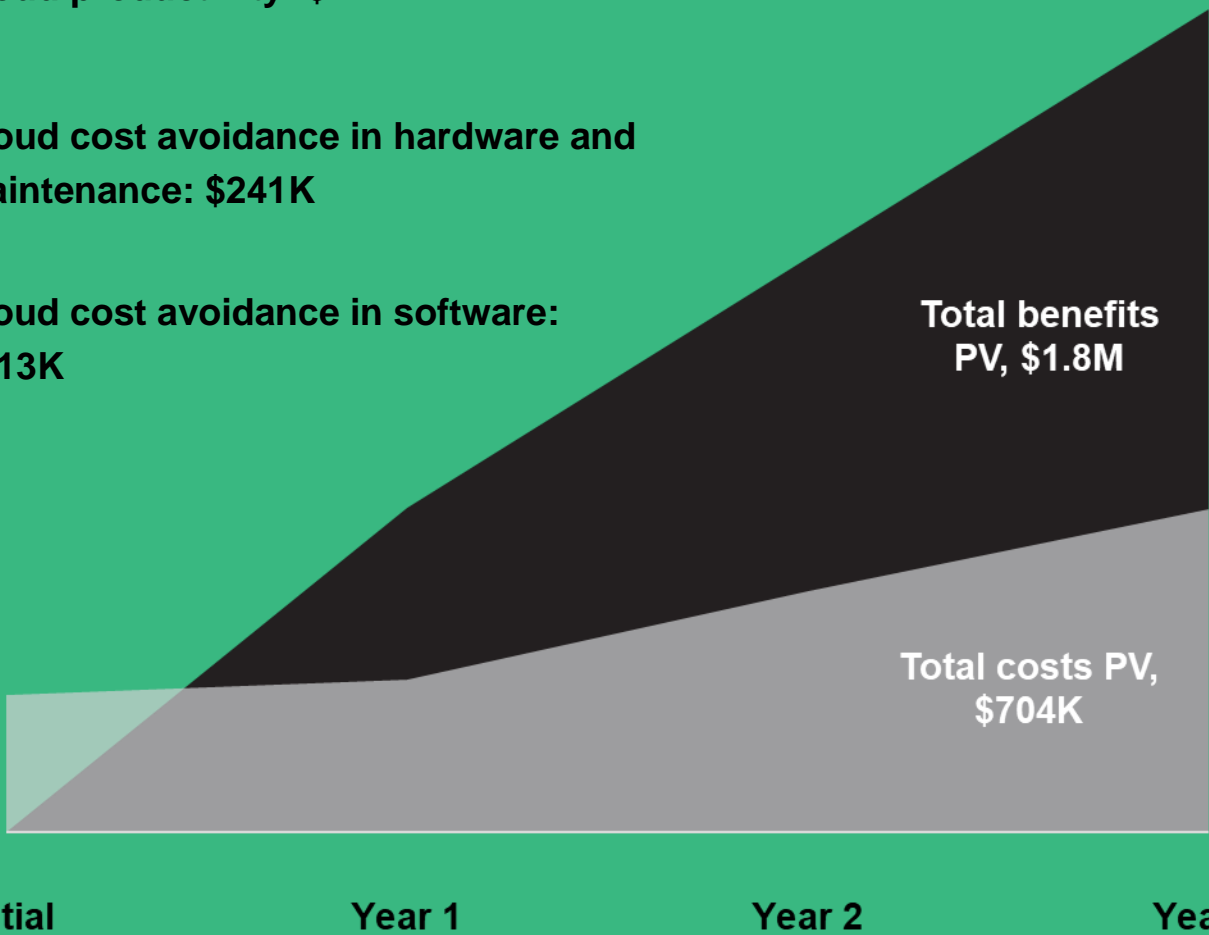


PAYBACK
< 6 months

Cloud productivity: \$1.1M

Cloud cost avoidance in hardware and maintenance: \$241K

Cloud cost avoidance in software: \$413K



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 Jira Software and Confluence on Atlassian Cloud.

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 Atlassian Cloud can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Atlassian 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 Atlassian Cloud.

Atlassian 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.

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



DUE DILIGENCE

Interviewed Atlassian stakeholders and Forrester analysts to gather data relative to Atlassian Cloud.



CUSTOMER INTERVIEWS

Interviewed four decision-makers at organizations using Jira Software and Confluence on Atlassian Cloud to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

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



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 Atlassian Cloud Customer Journey

Drivers leading to the Atlassian Cloud investment

| Interviewed Organizations | | | |
|---------------------------|--------|----------------|-------------------------|
| Industry | Region | Annual Revenue | Interviewee |
| Retail | Global | \$15 billion | Director of engineering |
| Technology | US | \$100 million | Head of cybersecurity |
| Technology | US | \$150 million | Senior manager, IT |
| Retail | Global | \$20 billion | Agile product owner |

KEY CHALLENGES

Prior to deploying Atlassian Cloud, all interviewed customers had on-prem versions of Jira Software and Confluence deployed — some for over a decade. Interviewees described their developer users on a spectrum ranging from “definitely fans of the software” to “very knowledgeable and experienced user base.” This meant that the customers were not concerned with the benefits of the base software or the adoption of the software’s functionality. Challenges and the cases built to invest in Atlassian Cloud were primarily based on how cloud migration could align and accelerate digital transformation and adoption of agile methodology and avoid infrastructure and maintenance costs.

The organizations struggled with common challenges, including:

- **Increasing reliability issues and related tickets.** In recent years, and especially in the past year of increased WFH activity, IT teams received an increasing amount of issues related to software reliability. Tickets ranged from slow speeds, permissions, a customization not working or requiring updates, or some type of VPN issue. One interviewee even mentioned that the last six months before migrating to Atlassian Cloud were particularly hectic and seemed like

the team was rebooting a server two to four times a month to address some of the user issues.

- **Too many customizations.** Customizations are not intrinsically “bad,” but in the case of some of the interviewees, customizations created silos. This not only meant a low efficiency rate in leveraging existing capabilities, but also meant a materially diverged application experience across teams. This led to both unfamiliarity when resources worked on different teams and significant time and effort to maintain and upgrade customizations.
- **Upcoming hardware refresh.** As part of the digital transformation roadmap, some hardware refresh cycles will invariably create a decision point for buy versus build. For larger enterprises, the decision factor goes beyond server and maintenance, but also includes ancillary components like backup, disaster recovery, security, bandwidth, and load balancing.

“We really needed to reduce operations cost and let our developers develop instead of being mired in an endless cycle of keeping the lights on.”

Director of engineering, global retail company

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewed organizations searched for a solution that could:

- Align and accelerate their adoption of a cloud-first strategy and agile methodology.
- Provide relief for infrastructure-related issues and refresh cost avoidance.
- Require minimal change management and training for the user base.

After evaluating several options and testing Atlassian Cloud, organizations developed their business cases. Each chose Atlassian Cloud because it:

- Provided a logical next step in cloud migration for on-prem tools that have been used and liked by the user base.
- Showed a reasonable return and breakeven based primarily on total cost of ownership (TCO).
- Projected an even higher return when coupled with estimated productivity benefits related to reducing issues and ability to replace customizations with new, built-in functionality.

COMPOSITE ORGANIZATION: LAUD JEANS

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, Laud Jeans, is representative of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. Laud Jeans is a global apparel and accessories company. While its name suggests a core business in denim, the company also sells a range of apparel and accessories from graphic T-shirts to belts and sunglasses. The company employs approximately 33,000 employees and achieves \$5 billion in annual revenue. With around

750 licensed Atlassian users, the user base is also designed to resemble not only the large retail enterprises interviewed, but also the midsize technology companies interviewed, which have developers and technologists as the majority of their staff.

Prior state and deployment characteristics. Laud Jeans restructured its business technology function according to its digital transformation roadmap, cloud-first strategy, and adoption of agile methodology. As the company organized 100 product teams with eight members each (a product owner, a scrum master, and developers), leaders saw an opportunity to “reset” and standardize its toolset and offload the material time and effort to develop, maintain, and upgrade customizations that had been created in the past for Jira Software. Deployment takes six weeks with two dedicated resources. An estimated 3-hour package of training materials in training slides, how-to documents, and recorded sessions are shared with all 750 Jira Software and Confluence users.

Key assumptions

- **\$5 billion annual revenue**
- **33,000 employees**
- **750 initial users**
- **100 product teams**

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 | Cloud productivity | \$405,720 | \$459,681 | \$520,818 | \$1,386,219 | \$1,140,036 |
| Btr | Cloud cost avoidance in hardware and maintenance | \$205,200 | \$34,200 | \$34,200 | \$273,600 | \$240,505 |
| Ctr | Cloud cost avoidance in software | \$166,250 | \$166,250 | \$166,250 | \$498,750 | \$413,439 |
| | Total benefits (risk-adjusted) | \$777,170 | \$660,131 | \$721,268 | \$2,158,569 | \$1,793,980 |

CLOUD PRODUCTIVITY

Evidence and data. Customers experienced issues on two fronts that were relieved by a migration to Atlassian Cloud.

One grouping of issues is related to software reliability, which increased the amount of reported issues, volume of tickets, and, ultimately, IT’s labor to resolve those issues. Migration to Atlassian Cloud offloaded infrastructure ownership and maintenance, which also reduced software reliability issues.

The other grouping of issues is related to avoidance or minimizing the need to customize on-prem software by standardizing with SaaS and relying more on standard, consistent release cycles from Atlassian as well as Atlassian Marketplace add-ons as needed. To account for change management of minimizing customizations, customers migrated users in groups and also addressed each customization with standard functions in cloud that could replace the on-prem functionality or with other workarounds.

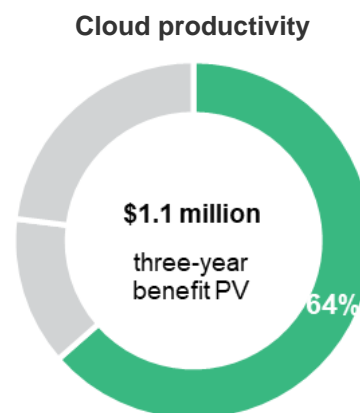
Modeling and assumptions. Laud Jeans experiences a 90% drop in Jira Software and Confluence-related tickets. The time to resolve the remaining “simpler” tickets also decreases by 38%. From a customization maintenance perspective, the organization starts with 75 customizations that need

oversight and maintenance. Forrester estimates three weeks in time and effort to maintain each customization, which results in approximately 4.3 FTEs. Readers should have a prior or alternative state to compare with an estimated future state with Atlassian Cloud when building a model.

Risks. Consider the risks that can reduce the value of the benefit.

- Prior state without any elevated amount of issues or tickets related to Jira Software or Confluence.
- Prior state that does not require material time and effort to maintain on-prem customizations.
- Keeping certain customizations post migration.

Results. To account for these risks, Forrester adjusted this benefit downward by 8%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1,140,036.



| Cloud Productivity | | | | | |
|-------------------------------|---|--|---------------------------------------|-----------|-----------|
| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
| A1 | Prior-state monthly tickets | Y1: Composite Y2 and Y3: $A1_{PY} * 110\%$ | 45 | 50 | 54 |
| A2 | Prior-state active hours of work to resolve ticket | Composite | 4 | 4 | 4 |
| A3 | Reduction in ticket volume | Composite | 90% | 90% | 90% |
| A4 | Reduction in resolution workload | Composite | 38% | 38% | 38% |
| A5 | Current-state monthly tickets | $A1 * (1 - A3)$ | 4.5 | 5.0 | 5.4 |
| A6 | Current-state active hours of work to resolve ticket (rounded values shown) | $A2 * (1 - A4)$ | 2.5 | 2.5 | 2.5 |
| A7 | Total prior-state hours for ticket resolution | $A1 * A2 * 12$ | 2,160 | 2,376 | 2,614 |
| A8 | Total current-state hours for ticket resolution (rounded values shown) | $A5 * A6 * 12$ | 135 | 149 | 163 |
| A9 | Hourly wage (rounded values shown) | Y1: Assumption Y2 and Y3: $A9_{PY} * 103\%$ | \$50 | \$52 | \$53 |
| A10 | Ticket and resolution time reduction productivity value | $(A7 - A8) * A9$ | \$101,250 | \$114,716 | \$129,974 |
| A11 | Customizations avoided (rounded values shown) | Y1: Composite Y2 and Y3: $A11_{PY} * 110\%$ | 75 | 83 | 91 |
| A12 | Maintenance time per customization (weeks) | Composite | 3 | 3 | 3 |
| A13 | Customization maintenance FTEs | $(A12 * A11 * 40) / 2,080$ | 4.3 | 4.8 | 5.2 |
| A14 | Annual salary | $A9 * 2,080$ | \$104,000 | \$107,120 | \$110,334 |
| A15 | Customization maintenance avoidance value | $A14 * A13$ | \$450,000 | \$509,850 | \$577,660 |
| A16 | Productivity conversion rate | Assumption | 80% | 80% | 80% |
| At | Cloud productivity | $(A10 + A15) * A16$ | \$441,000 | \$499,653 | \$566,107 |
| | Risk adjustment | ↓8% | | | |
| Atr | Cloud productivity (risk-adjusted) | | \$405,720 | \$459,681 | \$520,818 |
| Three-year total: \$1,386,219 | | | Three-year present value: \$1,140,036 | | |

CLOUD COST AVOIDANCE IN HARDWARE AND MAINTENANCE

Evidence and data. A staple of most business cases for cloud includes some type of cost avoidance involving hardware and maintenance. Whether it is decommissioning and retiring infrastructure or avoiding an upcoming refresh, readers should include

this type of benefit category in cloud migration business cases.

Modeling and assumptions. Laud Jeans has an estimated \$180,000 hardware refresh cost that is scheduled for the year they migrate to Atlassian Cloud. Infrastructure costs can vary widely based on the organization; readers should estimate their own

needs based on company scale and size. Nevertheless, one item to also build in is the hardware maintenance cost. Readers can either build a detailed assessment based on timesheets and exact estimates by interviewing infrastructure admin and leads. As an estimate, readers can also use a 20% assumption of the hardware refresh value as a reference point of the recurring maintenance cost in time and effort.

Risks. Cost avoidance estimates for cloud migration business cases are typically modeled based on a large sample of data points, and hardware refreshes can be easily estimated with vendor quotes. The risk of variance or a lower benefit value is usually low, but readers should consider these factors:

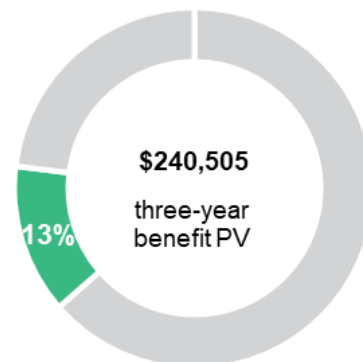
- Larger than expected infrastructure need.
- Inaccurate quotation from infrastructure vendors.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$240,505.

“Confluence Cloud was a pleasant surprise; users raved about the search, speed, and native integrations. We doubled page views per month, and our other documentation tool is rarely used now.”

Head of cybersecurity, regional technology company

Cloud cost avoidance in hardware and maintenance



| Cloud Cost Avoidance In Hardware And Maintenance | | | | | |
|--|--|-------------|--|----------|----------|
| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
| B1 | Hardware refresh cost | Composite | \$180,000 | \$0 | \$0 |
| B2 | Hardware maintenance cost | Composite | \$36,000 | \$36,000 | \$36,000 |
| Bt | Cloud cost avoidance in hardware and maintenance | B1+B2 | \$216,000 | \$36,000 | \$36,000 |
| | Risk adjustment | ↓5% | | | |
| Btr | Cloud cost avoidance in hardware and maintenance (risk-adjusted) | | \$205,200 | \$34,200 | \$34,200 |
| Three-year total: \$273,600 | | | Three-year present value: \$240,505 | | |

CLOUD COST AVOIDANCE IN SOFTWARE

Evidence and data. Similar to hardware and maintenance cost avoidance, most technology business cases should also account for the cost of any previous solution that no longer needs to be funded.

“If Atlassian’s Advanced Roadmaps tests positively for us, we might be able to decommission some other existing software we have in place for project management and workflow.”

Senior manager, IT, regional technology company

Modeling and assumptions. In this case, Laud Jeans avoids costs of on-prem software as it migrates its users to Atlassian Cloud. These amounts are based on the 750 users. Readers can rely on existing invoices and quoting from Atlassian.

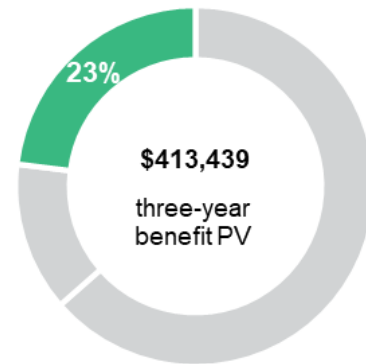
Risks. Also similar to hardware cost avoidance, the cost avoidance of legacy software typically has a low variance unless sized or quoted incorrectly.

Readers should still note the following factors:

- Larger-than-expected license need both by volume and by type.
- Missed components such as add-ons and plugins.
- Discrepancy between invoice cost and vendor quote.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$413,439.

Cloud cost avoidance in software



| Cloud Cost Avoidance In Software | | | | | |
|------------------------------------|---|-------------|--|-----------|-----------|
| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
| C1 | Add-ons, plug-ins, and software consolidation and decommissioning | Composite | \$70,000 | \$70,000 | \$70,000 |
| C2 | Jira Software server | Atlassian | \$60,000 | \$60,000 | \$60,000 |
| C3 | Confluence server | Atlassian | \$45,000 | \$45,000 | \$45,000 |
| Ct | Cloud cost avoidance in software | C1+C2+C3 | \$175,000 | \$175,000 | \$175,000 |
| | Risk adjustment | ↓5% | | | |
| Ctr | Cloud cost avoidance in software (risk-adjusted) | | \$166,250 | \$166,250 | \$166,250 |
| Three-year total: \$498,750 | | | Three-year present value: \$413,439 | | |

FLEXIBILITY

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

- **Exploring Jira Advanced Roadmaps.** Several customers mentioned that they would be further exploring Advanced Roadmaps for purposes of tracking projects across multiple teams, dependencies, and timelines. One customer even mentioned that they would consider decommissioning an existing application if Advanced Roadmaps could fulfill the same need.
- **Expanding cloud use of Jira Service Management.** Some interviewed customers either have or have tested Jira Service,

but they described a similar possibility of leveraging this component to replace existing applications that deliver the same functionality.

- **Scaling to additional teams.** Customers discussed scaling in two ways. One way is due to natural growth and more products teams. The second way is to expand footprint in the existing organization to users who are not already using Jira and could benefit from it.

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

“Atlassian Cloud was the easiest migration we’ve ever done as a tech firm. User base was already trained, we applied billable resources to deployment, and everything just worked.”

— Head of cybersecurity, regional technology company

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 | Atlassian Cloud cost | \$147,032 | \$37,884 | \$222,768 | \$222,768 | \$630,452 | \$532,946 |
| Etr | Deployment and training cost | \$150,885 | \$0 | \$12,167 | \$13,785 | \$176,837 | \$171,297 |
| | Total costs (risk-adjusted) | \$297,917 | \$37,884 | \$234,935 | \$236,553 | \$807,288 | \$704,243 |

ATLASSIAN CLOUD COST

Evidence and data. The Atlassian Cloud cost is the “solution” cost. That is, the investment that is paid to the vendor or related software add-ons. This model includes four components:

- Jira Software Cloud.
- Confluence Cloud.
- Atlassian Access for SSO.
- Three Atlassian Marketplace add-ons for test management, diagramming, and workflow.

Modeling and assumptions. Readers should reach out to Atlassian for an accurate and tailored quote based on users and needs. Jira Software and Confluence quotation should be based on your user base. Remember to avoid double-counting users in case you have any resources who are part-timing across several product teams. Atlassian Access and Atlassian Marketplace add-ons are based on your need and expected functionality needs. When pricing add-ons, remember to consider whether you need a certain add-on for Jira Software and Confluence, rather than just one of them.

Lastly, this model assumes an annual payment schedule; thus, a majority of licensing costs sit in the Initial column rather than Year 1. Readers should consider this when accounting for Initial versus Year

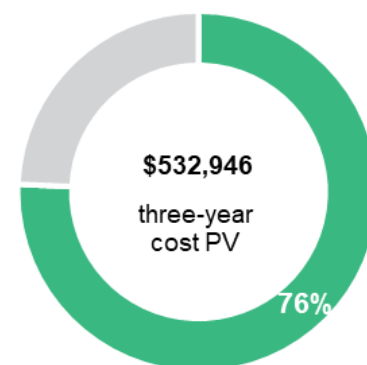
1 costs if monthly or weekly payment plans are considered.

Risks. Variance in cost estimates typically focus on sizing and scaling inaccuracies. Readers should note and mitigate the following factors:

- Size and scale of user base at initial deployment and for the next three years.
- Double-counting part-time staff as unique users.
- Underestimating add-on cost either based on need or relevance for both Jira Software and Confluence.

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 \$532,946.

Atlassian Cloud cost



Atlassian Cloud Cost

| Ref. | Metric | Calculation | Initial | Year 1 | Year 2 | Year 3 |
|------------------------------------|--------------------------------------|--|--|----------|-----------|-----------|
| D1 | Product teams | Initial: Composite Y2 and Y3: $D1_{PY} * 110\%$ | 100 | | 110 | 121 |
| D2 | Unique staff per team | Composite | 7 | | 7 | 7 |
| D3 | Part-time staff per team | Composite | 1 | | 1 | 1 |
| D4 | Part-time staff team support ratio | Composite | 2 | | 2 | 2 |
| D5 | Total Jira Software users | $(D2 * D1) + ((D3 / D4) * D1)$ | 750 | | 825 | 908 |
| D6 | Total Confluence users | D5 | 750 | | 825 | 908 |
| D7 | Atlassian Access for SSO | D5 | 750 | | 825 | 908 |
| D8 | Jira Software cost | Atlassian | \$67,500 | | \$81,500 | \$81,500 |
| D9 | Confluence cost | Atlassian | \$50,750 | | \$61,750 | \$61,750 |
| D10 | Atlassian Access cost | Atlassian | \$18,500 | | \$22,500 | \$22,500 |
| D11 | Atlassian Marketplace | Atlassian | \$3,280 | \$36,080 | \$46,410 | \$46,410 |
| Dt | Atlassian Cloud cost | $D8 + D9 + D10 + D11$ | \$140,030 | \$36,080 | \$212,160 | \$212,160 |
| | Risk adjustment | ↑5% | | | | |
| Dtr | Atlassian Cloud cost (risk-adjusted) | | \$147,032 | \$37,884 | \$222,768 | \$222,768 |
| Three-year total: \$630,452 | | | Three-year present value: \$532,946 | | | |

DEPLOYMENT AND TRAINING COST

Evidence and data. Some interviewees noted minimal time and effort in migration while others noted a smooth transition due to a concerted and collaborative effort between their migration teams and Atlassian. Forrester recommends budgeting for deployment time and user training time, as most customers spent some amount of material time and effort for deployment and training.

Atlassian has also noted that some organizations may need extended migration support with an Atlassian Solution Partner, which could increase initial costs by approximately \$15,000 to \$100,000,

“Moving to Atlassian Cloud gave us a good, timely reason to discontinue customizations of standard tools and reestablish a shared competency and experience across teams.”

Agile product owner, global retail company

depending on complexity and size. And at the same time, an experienced user base may not need a full 3 hours of training. Readers are encouraged to balance their unique needs with the model below, where the

total best resembles the composite, but the balance between deployment cost versus training cost could shift.

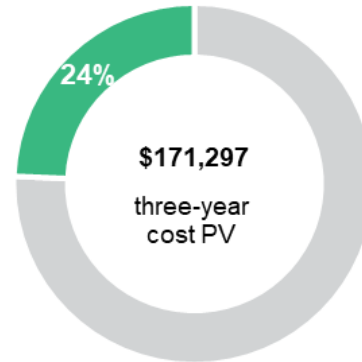
Modeling and assumptions. Laud Jeans dedicates 2 FTEs for six weeks to the deployment. During this time, training materials are also created or gathered for the 750 initial users to consume. The estimated time to consume the training materials is 3 hours per user. Readers should remember to include incremental or new users who are onboarded each year into the annual cost of training time.

Risks. Consider the following risks that could increase this cost category.

- Prolonged deployment timeline due to competing priorities.
- Migration issues.

- Accelerated growth leading to higher user footprint and training time.

Deployment and training cost



Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$171,297.

Deployment And Training Cost

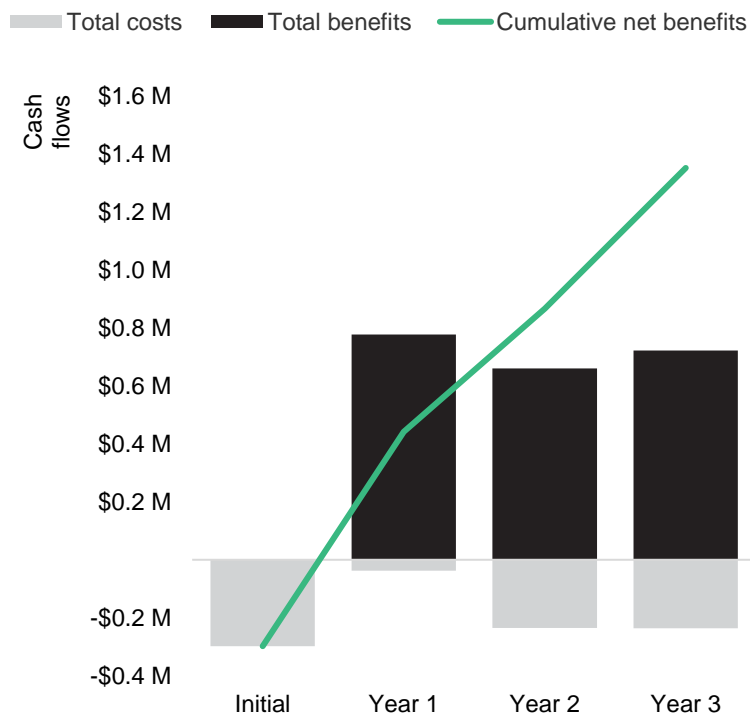
| Ref. | Metric | Calculation | Initial | Year 1 | Year 2 | Year 3 |
|------|---|---|-----------|--------|----------|----------|
| E1 | Dedicated FTE for deployment and migration | Composite | 2 | | 0 | 0 |
| E2 | Deployment time (weeks) | Composite | 6 | | 0 | 0 |
| E3 | Total deployment time (hours) | $E1 * E2 * 40$ | 480 | | 0 | 0 |
| E4 | Deployment FTE hourly wage | Initial: Assumption Y2 and Y3: $E4_{PY} * 103\%$ | \$65 | | \$67 | \$69 |
| E5 | Training time per user (hours) | Composite | 3 | | 3 | 3 |
| E6 | Users requiring training | Initial: D5 Y2 and Y3: $D5_{CY} - D5_{PY}$ | 750 | | 75 | 83 |
| E7 | Total training time (hours, rounded values shown) | $E5 * E6$ | 2,250 | | 225 | 248 |
| E8 | Product team user average hourly wage | Initial: Assumption Y2 and Y3: $E8_{PY} * 103\%$ | \$50 | | \$52 | \$53 |
| Et | Deployment and training cost | $(E3 * E4) + (E7 * E8)$ | \$143,700 | \$0 | \$11,588 | \$13,129 |
| | Risk adjustment | ↑5% | | | | |
| Etr | Deployment and training cost (risk-adjusted) | | \$150,885 | \$0 | \$12,167 | \$13,785 |

| | |
|------------------------------------|--|
| Three-year total: \$176,837 | Three-year present value: \$171,297 |
|------------------------------------|--|

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

| | Initial | Year 1 | Year 2 | Year 3 | Total | Present Value |
|----------------|-------------|------------|-------------|-------------|-------------|---------------|
| Total costs | (\$297,917) | (\$37,884) | (\$234,935) | (\$236,553) | (\$807,288) | (\$704,243) |
| Total benefits | \$0 | \$777,170 | \$660,131 | \$721,268 | \$2,158,569 | \$1,793,980 |
| Net benefits | (\$297,917) | \$739,286 | \$425,196 | \$484,715 | \$1,351,281 | \$1,089,737 |
| ROI | | | | | | 155% |
| Payback period | | | | | | < 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."

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Supplemental Material

Related Forrester Research

“Agile And Design Teams: Better Together,” Forrester Research, Inc., January 21, 2021

“SaaS Success Requires Careful Implementation Planning For Cohesive Experiences And ROI,” Forrester Research, Inc., November 1, 2019

“The ROI Of SaaS,” Forrester Research, Inc., May 13, 2016

Appendix C: 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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