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Authors:
Maureen Fleming
Matthew Marden

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The Business Value of Dropbox Business in Supporting Collaboration

EXECUTIVE SUMMARY

Companies using Dropbox Business to coordinate and automate collaboration with their customers and business partners were able to achieve significant operating efficiencies and improved customer retention and growth. Prior to services like Dropbox Business, there were technical and cost barriers to improving the efficiency of content-centric processes that span two or more businesses.

IDC conducted interviews with eight organizations using Dropbox Business to understand its impact on how their employees work as well as their IT operations and costs. These interviews were designed to emphasize how they are using Dropbox Business to collaborate, both internally and with external parties such as customers, suppliers, and contingent employees. IDC's research demonstrates that these organizations have enabled collaboration and are achieving strong business value with Dropbox Business. IDC projects that the use of Dropbox Business by these organizations will earn discounted business benefits worth $684,600 per 100 Dropbox Business users over five years, which will result in an average five-year return on investment (ROI) of 802%, by:

Business Value Highlights

$684,600
Per 100 Dropbox business users in discounted benefits over five years

802%
Average 5-year ROI

2,722
Productive hours gained per 100 Dropbox Business users in collaborating with customers, vendors, and contingent workforces

6%
Average productivity gain for sales teams

31%
Less IT staff time supporting collaboration

» Enabling more efficient collaboration with customers, suppliers, and contingent employees, resulting in time savings and higher productivity

» Improving the productivity of employees who generate revenue, including sales staff

» Generating better business outcomes and business operations efficiencies

» Reducing the amount of IT staff time needed to support collaboration due to its ease of use, limiting time spent on file management, and moving some administrative responsibilities to non-IT staff

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» Providing a secure collaboration environment while allowing organizations to reduce and avoid costs associated with supporting collaboration

Situation Overview

End users who adopt Dropbox at work often talk about their satisfaction with the service's ease of use and their own greater productivity. The question we aimed to answer with this study was how Dropbox Business adoption translates to measurable improvements to a business' overall operations. In particular, we emphasized identifying the quantifiable business value when Dropbox is used by end users to collaborate across teams and with others outside their organizations.

Businesses collaborate with customers, distributors, suppliers, service providers, and freelancers. They also work cross-functionally within their organization across geographies and departments. This style of collaboration results in the formation of business networks with members of the business network working together as virtual teams. Even though this virtual team approach has been widespread for decades, a variety of cultural and technical barriers make it very difficult to collaborate effectively in this way without technology that enables this type of collaboration.

Barriers include isolation between team members who are managed by and accountable to their own organization with their own best practices and technology. The virtual team comes together periodically in meetings, through phone calls, and by exchanging information through a variety of technical means. Members of the virtual teams work most often in isolation from the team members who do not work for the same organization.

And with these barriers in place, progress is slower, cost is higher, and quality is lower than if those barriers were removed. This is exactly the opposite of what is required today as businesses try to become more agile to respond to new opportunities and deliver value more cost effectively.

Customers Change Processes When They Adopt Dropbox Business

With the adoption of Dropbox Business, customers interviewed for this study were able to leverage Dropbox in ways that broke through both technological and cultural barriers of cross-enterprise collaboration, showing significant performance improvements as a result.

Customers were able to greatly simplify and better integrate virtual team members so they were working together with the same best practices on the same process with the same

objectives and deadlines with shared access to information. They were able to reduce the time and effort involved with executing projects, delivering digital services, onboarding new customers, answering customers' questions, and negotiating contracts with vendors.

Customers were also able to maximize the benefits of greater productivity by being able to reduce staff support in one area and re-deploy that staff to higher value areas. Effectively, use of Dropbox allowed enterprises to lower cost of operations in areas such as sales and project management.

Key measurable improvements of customers participating in this study included:

» Increased process efficiency, resulting in lower costs and improved quality

» Improved trust with customers, resulting in revenue expansion in those accounts

» Faster cycle times, resulting in profitability improvements

There were areas of consistency among the Dropbox Business customers in this study in how they chose to use Dropbox Business to lower technical barriers, establish process consistency, decrease cycle times, and improve agility.

Lowering Technical Barriers

For example, one of the Dropbox Business customers interviewed for this study provides services for a client that requires integrated access to information. Prior to Dropbox, it took two to three weeks of coordinating between IT departments to set up virtual private network (VPN) connections to ensure secure access to information stored behind firewalls. Adopting Dropbox reduced the onboarding time to three to four days, representing a 72% reduction in customer onboarding. The Dropbox Business customer said its onboarding time was significantly faster than the onboarding time of any of its competitors.

Establishing Process Consistency with Customers and Partners

Separately from the technical onboarding of customers, the study participant established shared communications protocols around folder conventions, implementing workflows that triggered the movement of files across folders that supported corresponding reviews and approvals. The rapid onboarding, shared understanding, common process and access to the same versions of information translated to customer satisfaction. This combination helped the company expand service within its accounts, allowing it to grow revenue from existing customers.

Reducing Cycle Times

Another Dropbox Business customer was able to reduce project cycle times, improve its ability to meet deadlines, and take on more projects without adding to head count. Part of the efficiency involved shifting from a dependence on internal shared drives that limited how workload was distributed across the company's office locations to distributing workload using information shared on Dropbox. Another part of the cycle time improvement was adopting Dropbox to replace the physical delivery of DVDs, particularly for projects involving contractors.

Improving Agility

A third Dropbox Business customer was able to replace large product binders carried by members of its sales team with up-to-date information available on Dropbox through mobile devices. Salespeople were able to quickly respond to customer questions and provide supporting information to help the customer determine whether the product fits its needs. This company was also able to redeploy full-time staff supporting the sales team to other higher-value areas of the business.

Our interviews revealed that as organizations formally adopted Dropbox Business, they were able to work across departments to re-design how work was performed. In particular, IT played an important role in using Dropbox APIs to create automated workflows to support greater collaboration and efficiency across teams operating inside the business and across business networks.

The Business Value of Dropbox Business for Collaboration

Study Demographics

IDC conducted interviews with eight organizations using Dropbox Business. These interviews were designed to obtain qualitative and quantitative detail about the benefits and costs associated with the organizations' use of Dropbox Business, with an emphasis on how the organizations are leveraging it to improve their ability to collaborate internally and with external third parties. The quantitative and financial results presented in this study are based on information provided to IDC by these organizations.

Dropbox customers interviewed for this study range in size from 35 employees to 2,000 employees, with an average employee base of 731. On average, more than half (56%) of employees at these organizations are using Dropbox Business. Before deploying Dropbox Business, these organizations reported that their employees used a variety of solutions that

included email, flash drives, free personal sync-and-share solutions, VPNs, and sync-and-share solutions from other vendors. Interviewed participants represent the experiences of organizations using Dropbox Business in the United States and Australia and a number of industries (see Table 1).

TABLE 1

Firmographics of Interviewed Organizations: Dropbox Business		
	Average	**Range**
Number of employees	731	35 to 2,000
Number of IT staff	20	1 to 80
Number of IT users (internal)	719	35 to 2,000
Number of Dropbox Business users	402	30 to 2,000
Countries	United States, Australia	
Industries	Media, wholesale, education, cloud software, environmental services, food and drink	

Source: IDC, 2016

Business Value Analysis

Interviewed organizations reported that they are achieving strong value with Dropbox Business because it serves as a user-friendly file sync-and-share solution that saves employee time and makes employees more productive by enabling collaboration, efficiencies, and mobility. For these organizations, Dropbox's impact has been particularly evident in improving their ability to collaborate with third parties such as their customers, suppliers, and contingent staffs. In addition, interviewed organizations reported that Dropbox Business has helped them achieve better business outcomes and positioned them to grow their businesses more efficiently. IDC projects that interviewed organizations will be able to leverage their use of Dropbox Business to achieve average annual benefits worth $190,200 per 100 Dropbox Business users ($765,200 per organization) over five years in the following areas (see Figure 1):

» Collaboration productivity benefits. These organizations have improved their ability to collaborate with third parties such as customers, vendors, and their contingent workforces. This has resulted in more efficient communication and more valuable partnerships. IDC projects that the resultant staff time savings and productivity gains will have an average annual value of $91,500 per 100 Dropbox Business users ($368,200 per organization) over five years.

» **Other business productivity benefits.** Employees using Dropbox Business also benefit from time savings and higher productivity on a day-to-day basis, with an especially significant benefit for employees such as sales staff who work on a mobile basis and require updated and correct versions of documents to do their jobs. IDC puts the value of staff time savings and productivity gains at an annual value of $90,000 per 100 Dropbox Business users ($362,000 per organization) over five years.

» **IT staff productivity benefits.** Dropbox Business requires less staff time to support than previous solutions used by these organizations and has allowed them to increase the impact of collaboration on their employees and businesses without needing to add commensurate staff resources to support collaboration. IDC projects that these time savings will have an average annual value of $8,100 per 100 Dropbox Business users ($32,500 per organization) over five years.

» **IT infrastructure cost reductions.** In addition to enabling their employees, Dropbox Business customers also regard Dropbox Business as a cost-effective solution that has enabled them to reduce spending on servers and associated support. IDC calculates that these cost savings and avoidances will have an average annual value of $600 per 100 Dropbox Business users ($2,500 per organization) over five years.

FIGURE 1

Average Annual Benefits: Dropbox Business
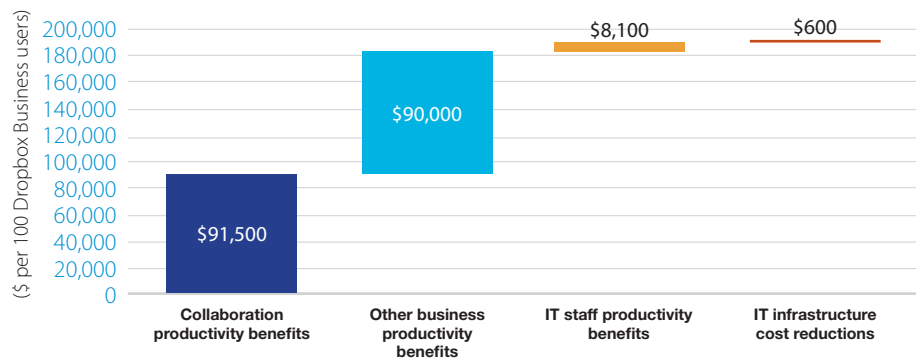
Total average benefits per 100 Dropbox Business users: $190,200

Source: IDC, 2016

Business Productivity Benefits

Organizations using Dropbox Business indicated that they have been able to achieve value by saving time and improving employee productivity by putting documents and files at employees' fingertips. In addition, Dropbox Business has enabled their collaboration efforts through its ease of use as well as specific features that make sharing of information, files, and data more efficient and effective, both with external parties and internally between employees. Interviewed organizations provided a number of examples of better business and operational outcomes they have achieved with Dropbox Business.

The Value of Improved Collaboration

Interviewed organizations referenced how Dropbox Business has helped them create value by improving and enabling collaboration. For these organizations, it is vital that they support timely, efficient, and effective collaboration:

» **One organization explained:** *"Collaboration has really become something that's gone beyond Dropbox and become part of the redefinition of how we work."*

» **Another organization defined collaboration as follows:** *"The ability to tap into skill sets and availability of other team members in a way that either gives us more efficiency in doing our work or adds enhanced capabilities beyond what we are already doing."*

Interviewed organizations said that they have leveraged Dropbox Business to enable new forms of collaboration, particularly with third parties. As Figure 2 shows, of the eight interviewed organizations, five are using it to improve their ability to collaborate with customers and contingent employees, and three are using it to collaborate with suppliers, vendors, and other partners.

> "The ability to tap into skill sets and availability of other team members in a way that either gives us more efficiency in doing our work or adds enhanced capabilities beyond what we are already doing."

FIGURE 2

Impact on Collaboration: Dropbox Business

(Number of Dropbox Business customers in this study citing benefit)

6	5	5	3	3
IT staff productivity increase	User productivity increase	Business productivity increase	Revenue increase	IT cost reduction

Source: IDC, 2016

Dropbox Business has created value for these organizations by improving their ability to collaborate with customers, vendors, contingent employees, and other parties. As a result, their employees save time and become more productive, and their business prospects as a whole improve. In many cases, the ability to work with and derive value from relationships with these third parties is central to the organizations' business and operational success, making improved collaboration with Dropbox Business a substantial benefit. As Table 2 shows, value is returned to these organizations in the form of substantial time savings and higher productivity: On average, interviewed organizations reported saving 1,424 hours per year per 100 Dropbox Business users in collaborating with customers; 1,019 hours per year in collaborating with suppliers and vendors; and 279 hours per year in collaborating with contingent employees.

TABLE 2

Time Savings from Improved Collaboration: Dropbox Business

	With Customers	With Suppliers/ Vendors	With Contingent Workforce
Percentage of interviewed organizations using Dropbox Business with each collaboration group	63%	38%	63%
Average number of impacted Dropbox Business users	113	52	94
Average time savings in hours per year per impacted Dropbox Business user	81	212	19
Equivalent productivity gain	4.3%	11.3%	11.0%
Average annual time savings per organization (hours)	**5,723**	**4,098**	**1,122**
Average annual time savings per 100 users (hours)	**1,424**	**1,019**	**279**

Source: IDC, 2016

Collaboration with Customers

The five organizations using Dropbox Business to collaborate with customers told IDC that Dropbox Business has made their communications with customers more robust, timely, and effective. All of these Dropbox customers must meet the high expectations of their customers, and the ability to develop and establish effective communications is important to meeting these expectations. Improving their ability to collaborate with customers can ultimately drive stronger business results through employee time savings, higher customer satisfaction, and shorter project cycles. Interviewed organizations provided several examples of how they have leveraged Dropbox Business to better collaborate with customers:

» **Sharing work products in real time.** One organization explained that it can now share work products such as reports, data sets, and presentations with its clients in real time with Dropbox Business, whereas it previously used inefficient email or even DVDs to pass information back and forth with its customers.

» **Establishing work triggers and communication protocols.** Another organization noted that it has used the capacity of Dropbox Business to set up workflow triggers and communication protocols with its customers, which it said has helped make its collaboration with customers more effective.

Collaboration with Suppliers and Vendors

The three organizations using Dropbox Business to collaborate with suppliers and vendors explained that they are more efficiently managing these very important relationships with Dropbox Business. These relationships often involve lengthy and time-consuming negotiations, and these organizations provided several examples of how Dropbox Business has enabled time savings and more efficient communications with suppliers and vendors:

» **Request link feature to streamline interactions.** One organization explained: *"Dropbox has a request document feature so that we can create links and boxes to give to our suppliers or vendors, and they can actually drop documents in price changes, logo updates, product information …. It's been really valuable because Dropbox makes all of this really easy."*

» **Real-time interaction.** Another organization described how Dropbox Business has enabled real-time back and forth with suppliers regarding contracts and how it has used an add-in offered by Dropbox for final contracts. This has saved staff time and streamlined back and forth with vendors, and the organization noted that it has grown substantially without having to add any staff to work with suppliers.

Collaboration with Contingent Employees

Five organizations are using Dropbox Business to work and collaborate with contingent employees. Dropbox Business has provided strong value by allowing these organizations to replace clumsy and inefficient means of communications with direct and effective sharing of information. The benefits have been especially noticeable for organizations in industries where reliance on third parties to provide services is critical to their day-to-day operations.

"Dropbox has a request document feature so that we can create links and boxes to give to our suppliers or vendors, and they can actually drop documents in price changes, logo updates, product information …. It's been really valuable because Dropbox makes all of this really easy."

» **More efficient sharing of information.** One organization told IDC about how it is using Dropbox Business to pass marketing collateral, including large file exchanges, back and forth with freelancers who support its marketing efforts. It explained that Dropbox has made these information-sharing efforts much more efficient, which saves staff substantial time in addition to improving the overall effectiveness of the organization's marketing efforts.

» **Break down siloed interactions.** One organization that contracts with third parties on a regular basis described the benefit of being able to go from siloed one-to-one interactions to interactions that are ongoing, multiparty, and multiplatform in nature.

Other Business Productivity Benefits

In addition to collaboration-focused efficiencies, organizations using Dropbox Business also described time savings and efficiencies attributable to using it as a file sync-and-share solution to support their employees, as well as making key groups of users such as sales staff substantially more productive.

Other Staff Time Savings

Interviewed organizations cited the user-friendly, intuitive nature of Dropbox Business as supporting these efficiencies because their employees are better able to access the data, files, and documents they need to do their jobs. On average, these organizations reported to IDC that their employees are achieving time savings of 931 hours per year per 100 Dropbox Business users, thanks to efficiencies in document and file management (see Table 3). One organization cited the ease of use and availability of documents with Dropbox Business for its employees and leveraging Dropbox to eliminate what it referred to as "counterproductive and archaic" processes for sharing documents and files.

TABLE 3

Other Employee Staff Time Savings: Dropbox Business	
Average number of impacted Dropbox Business users	57
Average time savings in hours per year per impacted Dropbox Business user	66
Equivalent productivity gain	3.5%
Average annual time savings per organization (hours)	**3,744**
Average annual time savings per 100 Dropbox users (hours)	**931**

Source: IDC, 2016

Other Impact on Business

Improved collaboration with Dropbox Business, as well as efficiencies in terms of accessing data, files, and documents, is enabling staff responsible for generating and driving business at these organizations. For example, the four organizations using Dropbox Business to support their sales teams reported that these teams are on average 6% more productive. One organization explained the impact of Dropbox Business as follows: *"I think we've had a 10% productivity gain for the sales easily from using Dropbox Business because they work as much out of the office as in the office. They get benefits of remote working with Dropbox by being able to create files in one place and then taking them to the client and accessing those files."* Another organization attributed 5-10% productivity gains for sales team members *"bringing in several million dollars in revenue per year"* by *"giving them easy access to the information they need in the field"* with Dropbox Business.

> "I think we've had a 10% productivity gain for the sales easily from using Dropbox Business because they work as much out of the office as in the office. They get benefits of remote working with Dropbox by being able to create files in one place and then taking them to the client and accessing those files."

Improving Business Outcomes and Achieving Operational Efficiencies with Dropbox Business

A number of interviewed organizations directly linked collaboration-related workflow efficiencies and time savings achieved with Dropbox Business to better business outcomes and operational efficiencies. Dropbox Business has a tangible impact on the businesses and operations of these organizations by making their staff more productive and enabling improved collaboration with customers and vendors, even though some of the organizations find it challenging to quantify this impact. Examples include:

» **Increased revenue.** One organization directly linked Dropbox Business' functionality and security to its ability to win more business by being able to better engage and support its customer base. It said: *"We can certainly attribute higher revenue to Dropbox Business because it has greatly improved our processes and procedures that directly correlate to job components that bring us revenue."*

> "We can certainly attribute higher revenue to Dropbox Business because it has greatly improved our processes and procedures that directly correlate to job components that bring us revenue."

» **Growth without commensurate staff increase.** One organization attributed its ability to hold steady the size of its team that manages contracts with suppliers or vendors to efficiencies it is achieving with Dropbox Business, despite growing its business by more than one-third.

» **Improved ability to meet deadlines.** One organization reported better distributing workloads with Dropbox Business and meeting 5% more business-related deadlines with Dropbox Business because it no longer needs to wait for DVDs to arrive to drive projects forward.

» **More time to focus on jobs.** One organization noted that small time savings and efficiencies for Dropbox Business add up to its core employees having more time to devote to supporting their customers, to which it attributed increased satisfaction and retention.

» **Faster time to market.** One organization described Dropbox Business as meeting its need for "*agile, innovative tools to get to market as fast as possible.*" It explained that Dropbox Business helped it achieve faster time to market for its core product through shared folders and streamlined workflows that help it move content inside and outside of its business.

"agile, innovative tools to get to market as fast as possible."

IT Staff Productivity Benefits

Interviewed organizations credited Dropbox Business with being easy to use and support, which saves the time of IT staff supporting collaboration. These organizations said they need an average of 31% less staff time to support collaboration with Dropbox Business and an average of 60% less staff time when taking into account growth to their organizations (see Table 4). Dropbox Business enables IT staff time savings and efficiencies by minimizing the time spent supporting users through its ease of use, allowing organizations to make business units responsible for administering some aspects of Dropbox Business, and reducing the amount of IT staff time spent on file management activities. For these organizations, which generally staff their IT operations as leanly as possible, these types of time savings and efficiencies offer an opportunity to reinvest IT staff resources in other ways of supporting their businesses and operations. One organization explained: *"Our IT staff can accomplish more with Dropbox Business, and it gives us the ability to be more customer service oriented …. Dropbox gives us the ability to breathe a little bit, and it has changed how we interact with our clients, who are our customers. That's been wonderful."*

"Our IT staff can accomplish more with Dropbox Business, and it gives us the ability to be more customer service oriented …. Dropbox gives us the ability to breathe a little bit, and it has changed how we interact with our clients, who are our customers. That's been wonderful."

TABLE 4

IT Staff Impact: Dropbox Business

	Without Dropbox Business	With Dropbox Business	Difference	Change (%)
Average staff full time equivalents (FTEs) supporting collaboration annually	0.23	0.16	0.07	30.4
Staff hires avoided to support collaboration (FTEs)	0.17	0.0	0.17	100.0
Total impact, supporting collaboration (FTEs)	**0.40**	**0.16**	**0.24**	**60.0**

Source: IDC, 2016

IT Infrastructure Cost Reductions

"Dropbox is very strategic for us. We completed an entire email migration and we're looking at doing virtual desktops and server virtualization …. So we've enabled other parts of the organization to have tools at their disposal. We might have been able to do one of those if it wasn't for Dropbox instead of all three."

Several interviewed organizations also noted as beneficial their ability to retire file servers with Dropbox Business in place. While the absolute savings are much less than productivity- and business-related benefits of Dropbox, they represent a discrete cost saving achievable while also improving business outcomes. One organization explained: *"We couldn't keep up the servers and security for the price that we pay for Dropbox to have all these features and let them do all the work."* Another organization told IDC: *"Dropbox is very strategic for us. We completed an entire email migration and we're looking at doing virtual desktops and server virtualization …. So we've enabled other parts of the organization to have tools at their disposal. We might have been able to do one of those if it wasn't for Dropbox instead of all three."*

Figure 3 shows IT infrastructure cost reductions with Dropbox Business.

FIGURE 3

IT Infrastructure Cost Reductions with Dropbox Business: Five-Year Total per Organization
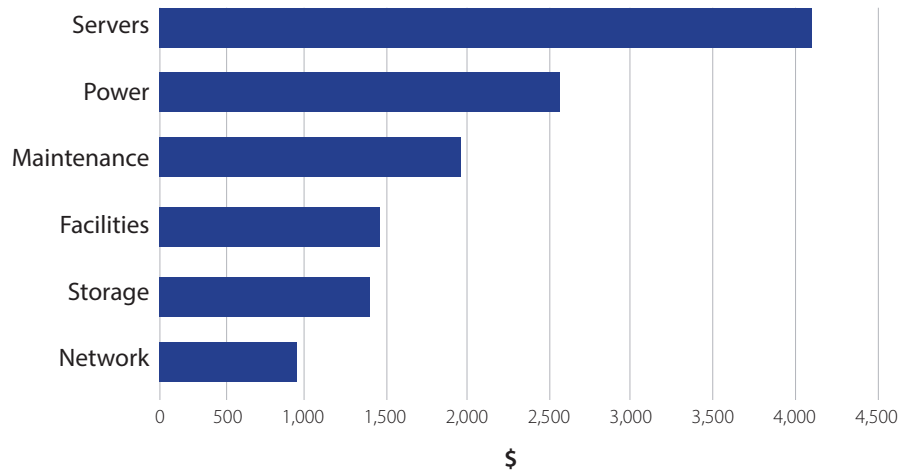
Source: IDC, 2016

ROI Analysis

IDC interviewed eight organizations using Dropbox Business to support their collaboration efforts and recorded their results to inform this study's analysis. IDC used the following three-step method for conducting the ROI analysis:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment.** In this study, the benefits included employee time savings and productivity gains, IT staff productivity improvements, and cost reductions.

2. **Created a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond the annual costs of using Dropbox Business and can include additional costs related to the solution, such as migrations, planning, consulting, configuration or maintenance, and staff or user training.

3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Dropbox Business over a five-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

Table 5 presents IDC's analysis of the average discounted benefits, discounted investment, and return on investment for the Dropbox Business customers interviewed for this study. Based on its analysis, IDC calculates that these organizations will invest a discounted average of $75,900 per 100 Dropbox Business users ($305,000 per organization) in Dropbox Business over five years, which IDC projects will return benefits worth a discounted average of $684,600 per 100 Dropbox Business users

($2.75 million per organization). For these organizations, these benefits and investment costs would result in an average five-year ROI of 802% and a payback period of two months.

TABLE 5

Five-Year ROI Analysis

	Per Organization	Per 100 Dropbox Business Users
Benefit (discounted)	$2.75 million	$684,600
Investment (discounted)	$0.305 million	$75,900
Net present value (NPV)	$2.44 million	$608,700
Return on investment (ROI)	802%	802%
Payback period	2 months	2 months
Discount rate	12%	12%

Source: IDC, 2016

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Challenges And Opportunities

Enterprises adopt a service like Dropbox Business for different reasons, including the following:

» **To gain internal efficiency in administering and managing a large number of end users as well as establish policies that enforce digital asset privacy rules and regulations.** End users then have the opportunity to use Dropbox Business whenever it is needed to do their jobs. This is the most common reason for adoption, which provides significant benefit to the organization.

» **To change how they work with customers, partners, and contingent workers. This reason for adoption results in a more organized way to improve processes that previously had only limited and non-automated coordination between parties.** Most study participants evolved to this pattern as a reason for adopting Dropbox Business or they evolved to a greater focus on this area from their more ad hoc original adoption. There are significant opportunities, as well as challenges, with this approach.

Challenges

» It is not at all common to build a process that extends between teams working for separate businesses. It takes time and effort to coordinate best practices, policies, and supporting workflow to handle this style of coordination. While services like Dropbox Business make it far easier to implement common content-centric workflows, the coordination and planning to organize and construct agreements about how the process should work require organization and commitment from all parties.

» Identifying key metrics to justify a more organized approach to collaboration is another challenge. With any kind of effort to improve collaboration inside the enterprise or with third parties, there is a benefit in translating the improvement to an operational measure of business value. The ability to set up an objective measure and then meet the measure makes it easier to justify time and effort in expanding efforts in different areas.

Opportunities

» As results of this study show, there is an opportunity to lower operating costs and grow revenue in processes, particularly those requiring better collaboration with suppliers and customers.

Summary and Conclusion

End users in businesses participating in this study improved their productivity when they began to use Dropbox. Their organizations' conversion to Dropbox Business resulted in coordination between business and IT to deploy Dropbox Business in ways that aimed more directly at process improvements, particularly processes involving customers, suppliers, and contractors.

Adoption of Dropbox Business yielded classic process efficiencies that provided opportunities to redeploy staff to higher-value areas and improved capacity to handle additional work. IT infrastructure cost savings also resulted in lowering the cost of operations.

There were clear productivity benefits in the improved ability to share content assets, quickly identify the most recent versions of the content, and recover lost content. More importantly, the end-to-end coordination of work jointly performed between organizations decreased project timelines, improved the quality of work, and resulted in the ability to grow revenue with existing customers by upselling additional services.

This coordinated adoption of Dropbox Business resulted in an 802% ROI.

Appendix

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of Dropbox Business as the foundation for the model. Based on these interviews, IDC performs a three-step process to calculate the ROI and payback period:

» Measure the savings from reduced IT costs (staff, hardware, software, maintenance, and IT support), increased user productivity, and improved revenue over the term of the deployment.

» Ascertain the investment made in deploying the solution and the associated migration, training, and support costs.

» Project the costs and savings over a five-year period and calculate the ROI and payback for the deployed solution.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

» Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings.

» Downtime values are a product of the number of hours of downtime multiplied by the number of users affected.

» The impact of unplanned downtime is quantified in terms of impaired end-user productivity and lost revenue.

» Lost productivity is a product of downtime multiplied by burdened salary.

» Lost revenue is a product of downtime multiplied by the average revenue generated per hour.

» The net present value of the five-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

Because every hour of downtime does not equate to a lost hour of productivity or revenue generation, IDC attributes only a fraction of the result to savings. As part of our assessment, we asked each company what fraction of downtime hours to use in calculating productivity savings and the reduction in lost revenue. IDC then taxes the revenue at that rate.

Further, because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

IDC Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-insights-community.com
www.idc.com

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