

FORRESTER®

# The Total Economic Impact™ Of Apex Group's Single-Source Solution

Cost Savings And Business Benefits  
Enabled By Apex Group

**FEBRUARY 2022**

# Table Of Contents

Consulting Team: *Elina Bauwens*  
*Oskar Piorkowski*

<b>Executive Summary</b> .....	<b>1</b>
<b>The Apex Group Single-Source Solution</b>	
<b>Customer Journey</b> .....	<b>6</b>
Key Challenges.....	6
Solution Requirements/Investment Objectives .....	6
Composite Organization.....	7
<b>Analysis Of Benefits</b> .....	<b>8</b>
Saved Investment In Internal Staff.....	8
Saved Technology Costs.....	9
Recaptured Productivity For Finance Operations Staff .....	10
Cost Savings In Setting Up Foreign Entity And ESG Ratings.....	12
Unquantified Benefits.....	14
Flexibility.....	14
<b>Analysis Of Costs</b> .....	<b>15</b>
Total Funds And Services Fees .....	15
Onboarding And Ongoing Management Costs...	16
<b>Financial Summary</b> .....	<b>18</b>
<b>Appendix A: Total Economic Impact</b> .....	<b>19</b>
<b>Appendix B: Endnotes</b> .....	<b>20</b>



## ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit [forrester.com/consulting](https://forrester.com/consulting).

© Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on the best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies.

## Executive Summary

As asset managers continue to embrace digital transformation, they are leveraging technologies to enable digital collaboration and outsourcing partners to enhance their operations. Apex Group's single-source solution enables organizations to access multiple solutions through one relationship, keep their finance operations team lean, and helps them focus on higher value-added activities. Organizations can leverage modern technologies with the support of the global Apex Group team's knowledge of international regulations and investment trends.

Apex Group provides a single-source solution for asset managers, multinational corporations, family offices, and financial institutions across three core service areas: fund solutions, financial solutions, and corporate solutions. It provides global reach, local service, and a broad range of cross-jurisdictional offerings through one relationship. Apex Group's solutions offer greater transparency, reduce the complexities of using multiple suppliers, and improve efficiencies by being able to deliver an agile and independent set of solutions from one place.

Apex Group commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by leveraging their single-source solution.<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of leveraging Apex Group's services in their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers at large asset management firms with experience using Apex Group's services. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization.

Prior to working with Apex Group, those interviewees noted how their organizations were struggling with the increased complexity of their funds and

### KEY STATISTICS



Return on investment (ROI)  
**105%**



Net present value (NPV)  
**\$2.75M**

management associated with them, hiring highly skilled staff across various departments, lack of international regulatory knowledge and presence, and legacy technology stacks. As a result, the interviewed decision-makers experienced challenges in their ability to scale internationally and perform adequate, on-time analysis and reporting.

After the investment in the single-source solution, the interviewees were able to keep their internal organizations lean and ensure their staff were spending time on valuable aspects of their jobs rather than back-office operations. Key results from the Apex Group investment included savings on internal headcounts, savings in technology costs, recaptured productivity for finance operations staff, and savings in setting up foreign entities and leveraging ESG rating services. The interviewed decision-makers also highlighted being able to move the costs of fund administration services from their P&L to the managed funds' P&L.

## KEY FINDINGS

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

- **Saved investment in internal staff.** Interviewed decision-makers estimated an average savings of four to five FTE staff per fund by working with Apex Group. This resulted in cost savings of more than \$3,890,000 for the composite organization over a three-year period.
- **Saved technology costs.** Customers highlighted the cost savings they saw by leveraging Apex Group's technology not only in license fees but implementation and ongoing management of the technology stack as well. This resulted in savings of about \$876,000 over three years.

**“I can't compliment them higher. Every time I need something from Apex [Group], it seems like they are part of our company.”**

*Chief financial officer of \$804 million AUM portfolio*

**Recaptured productivity for finance operations staff.** The customers highlighted how working with Apex Group and getting multiple services from one place, rather than multiple providers, enabled their staff to do things more efficiently. This resulted in recaptured productivity for both the CFO and the rest of the finance operations team across ongoing daily management of the funds and launching new funds. This results in recaptured productivity amounting to nearly \$272,000 over three years.

- **Reduced costs when setting up foreign entities and ESG ratings.** Interviewees highlighted leveraging Apex Group to launch foreign entities and evaluating the sustainability of their funds with their environmental, social, and governance (ESG) rating services. This resulted in the decision-makers' organizations saving headcount at the foreign entity, manhours to set up the entity, and the costs associated with leveraging another ESG ratings provider. When the composite organization sets up an entity in Luxembourg, this results in savings of almost \$350,000 over three years.

**“The quality of staff from Apex [Group] is better than what we would be able to hire.”**

*Chief financial officer of \$21 billion AUM portfolio*

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

- **Global support.** Having access to a global support team results in a faster turnaround for requests, especially in uncertain times where some regions might be impacted by the pandemic or natural disasters.
- **Increased employee experience.** Having the support of a large team reduced staff stress and enabled employees to focus on more value-added activities.

- **Ability to expand services.** The interviewed decision-makers highlighted how easy it was for them to add additional services (e.g., digital banking), react to emerging market trends, and add on services like ESG ratings.

The decision-maker interviews and financial analysis revealed that a composite organization experiences benefits of \$5.39 million over three years versus costs of \$2.63 million, adding up to a net present value (NPV) of \$2.75 million and an ROI of 105%.

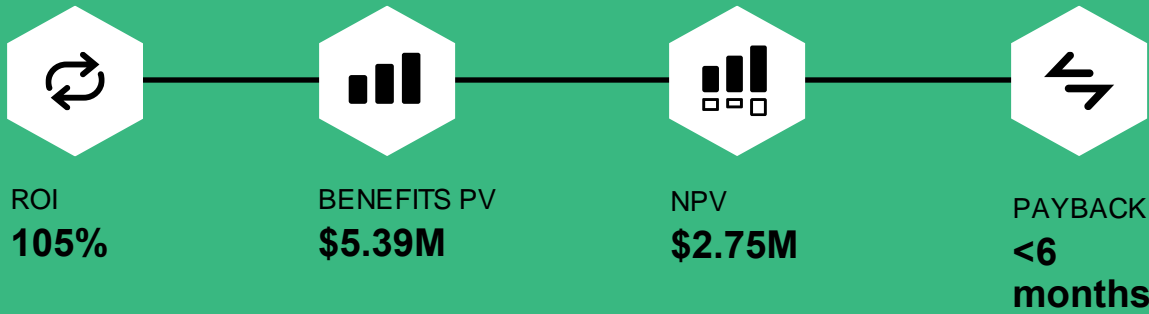
**“We receive guidance from Apex [Group] on best practices ... and how to improve our processes.”**

*Chief financial officer of \$804 million AUM portfolio*

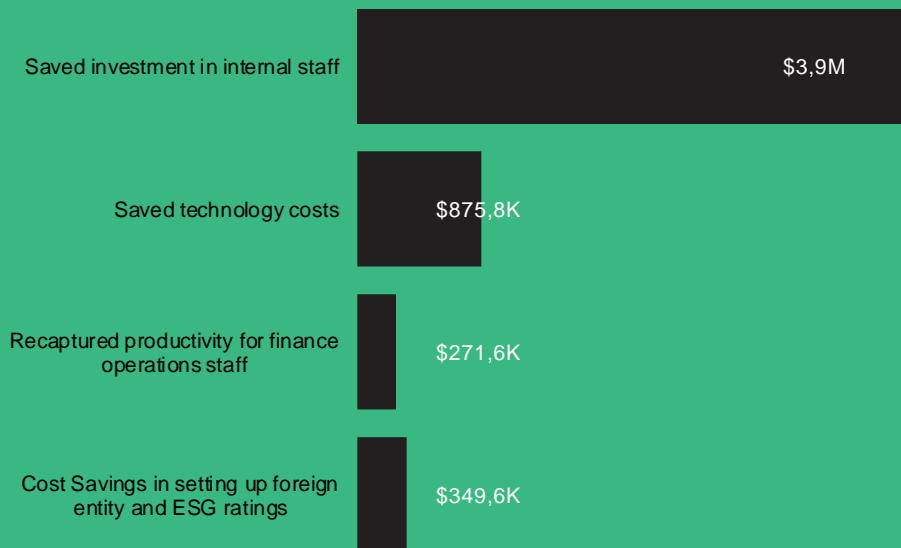
- **Scalability.** Respondents highlighted the value of being able to scale faster, raise more equity, launch new funds, launch new foreign entities, or add more AUM seamlessly with Apex Group.

**Costs.** Risk-adjusted PV costs include:

- **Total fund and services fees.** Apex Group offers a varied range of services across fund solutions, financial solutions, and corporate solutions. The fees related to these services totaled about \$2.4 million for the composite organization over three years.
- **Onboarding and ongoing management costs.** Forrester conservatively estimates that the composite organization dedicates three FTEs for eight weeks to ensure a successful onboarding, but the time and effort varies based on the complexity of the funds. In addition, Forrester estimates the ongoing management of Apex Group to take up four hours each week, resulting in a total cost of almost \$240,000 over three years.



### Benefits (Three-Year)



The biggest benefit was the savings in internal staff investment.

Organizations also experienced savings in technology costs, setting up the foreign entity and ESG, and recaptured productivity for finance operations staff.

## 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 the Apex Group single-source solution.

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 leveraging Apex Group's services can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Apex Group 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 the single-source solution.

Apex Group 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.

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



### DUE DILIGENCE

Interviewed Apex Group stakeholders and Forrester analysts to gather data relative to the single-source solution.



### DECISION-MAKER INTERVIEWS

Interviewed five decision-makers at organizations using the single-source solution obtain data with respect to costs, benefits, and risks.



### COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' 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 decision-makers.



### 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 Apex Group Single-Source Solution Customer Journey

■ Drivers leading to the Apex Group investment

Interviewed Decision-Makers			
Interviewee	Industry	Region	Portfolio AUM
CFO	Financial Services	New York, New York	\$26 billion
CFO	Financial Services	San Francisco, California	\$33 billion
CFO	Financial Services	Dublin, Ireland	\$180 million
CFO	Financial Services	London, United Kingdom	\$800 million
CFO	Financial Services	London, United Kingdom	\$1.34 billion

## KEY CHALLENGES

Prior to leveraging Apex Group, the interviewees noted that their organizations were starting to struggle with the complexity of managing their funds in-house.

The organizations struggled with common challenges, including:

- **Finding skilled staff.** Access to highly skilled staff and being able to retain the staff in their core office locations of New York, San Francisco, and London, was hard and expensive for the interviewed decision-makers.
- **Lack of international regulatory knowledge.** As the interviewees scaled their operations globally, they had started to run into challenges with staying up to date with global regulations and lacked a local presence in key regions.
- **Out-of-date technology.** The interviewed decision-makers had to leverage poorly integrated legacy technology stacks and were not in a position to purchase best-in-class technologies for their organizations. These factors resulted in challenges with basic information output and completing performance analysis in a timely manner.

**“We thought we could do it all in-house, but as our funds scaled, it became impossible without growing the team.”**

*Chief financial officer of \$21 billion*

## SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- Provide a full set of services from a single provider.
- Provide reliable global support with deep local regulatory knowledge and fast support turnaround.
- Offer best-in-class technology to enable deeper analysis.



## COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five decision-makers 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.** A global investment management organization with \$6 billion assets under management (AUM) serviced by Apex Group and has four employees in the finance operations team working directly with Apex Group. An average salary in this department is \$150,000.

**Deployment characteristics.** The composite organization starts off with one fund and adds an average of one fund per annum to its portfolio. It leverages Apex Group for services across fund solutions, financial solutions, and corporate solutions, expanding the services in each area over the years.

**“We liked the extension of the team and having one team dedicated to our funds.”**

*Chief financial officer of \$26 billion AUM portfolio*

### Key assumptions

- **\$6B AUM serviced by Apex Group**
- **Global organization**
- **\$150,000 average finance operations salary**
- **Three funds serviced by Apex Group**

# 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	Saved investment in internal staff	\$570,000	\$2,137,500	\$2,137,500	\$4,845,000	\$3,890,646
Btr	Saved technology costs	\$427,500	\$308,750	\$308,750	\$1,045,000	\$875,770
Ctr	Recaptured productivity for finance operations staff	\$84,038	\$186,346	\$54,808	\$325,192	\$271,582
Dtr	Cost Savings in setting up foreign entity and ESG ratings	\$0	\$280,469	\$156,750	\$437,219	\$349,561
	Total benefits (risk-adjusted)	\$1,081,538	\$2,913,065	\$2,657,808	\$6,652,412	\$5,387,559

## SAVED INVESTMENT IN INTERNAL STAFF

**Evidence and data.** The interviewed decision-makers highlighted that investment in Apex Group's services provided them with access to high-quality independent talent with deep international regulatory expertise. This was without the need to bring in additional internal staff and expand the team. Hiring and retaining such talent otherwise would have been extremely challenging.

By working with Apex Group, the decision-makers' organizations ensured their requests could be responded to in timely manner and with high accuracy. Interviewees noted that Apex Group staff

based in Singapore can work on tasks while their teams are asleep, allowing them to stay focused on main tasks rather than managing global offices.

The CFO at a global financial services firm noted: "The quality of staff from Apex [Group] is better than what we would be able to hire. We are limited by our location, and the cost of hiring is much higher here".

**Modeling and assumptions.** Based on customer interviews, Forrester estimates the following for the composite organization:

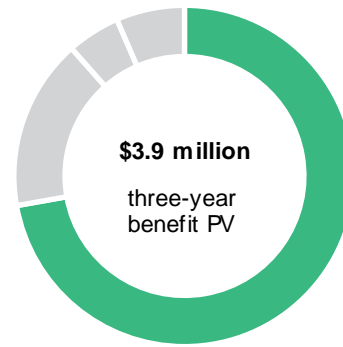
- The organization hires four additional staff in Year 1 to manage the funds and an additional five staff per fund in Year 2 and Year 3 due to added complexity of those funds.
- The average salary of a finance operations team member is \$150,000.
- The number of funds increases in Year 2 to three funds from one fund in the first year.

**Risks.** The saved investments are dependent on the complexity of the funds, the international regulatory requirements, and the internal set up of the finance operations team.

**"Before Apex, we only focused on US and EU as we did not have insights into other regions."**

*Chief financial officer of \$21 billion AUM portfolio*

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over \$3,890,000.



Saved Investment In Internal Staff					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of staff needed per fund	Interview	4	5	5
A2	Average annual salary of finance operations team members	TEI standard	\$150,000	\$150,000	\$150,000
A3	Number of funds	Composite	1	3	3
At	<b>Total headcount savings</b>	<b>A1*A2*A3</b>	<b>\$600,000</b>	<b>\$2,250,000</b>	<b>\$2,250,000</b>
	Risk adjustment	↓5%			
Atr	Total headcount savings (risk-adjusted)		\$570,000	\$2,137,500	\$2,137,500
<b>Three-year total: \$4,845,000</b>			<b>Three-year present value: \$3,890,646</b>		

**SAVED TECHNOLOGY COSTS**

**Evidence and data.** Many of the interviewees were struggling with a legacy technology stack and were

**“We can save substantial headcount that could be redeployed on more valued activities while combining efficiencies and scale.”**

*Chief financial officer of \$26 billion AUM portfolio*

**“We would need to invest much more in technology if we wanted to manage all funds in-house and wouldn't be able to get the same level of service from the technology providers that Apex [Group] gets.”**

*Chief financial officer of \$21 billion AUM portfolio*

keen to move away from having to manage their own technology and reduce the costs associated with it. The interviewed decision-makers highlighted the following technology benefits:

- Access to a modern, integrated technology stack.
- Cost savings not only in license fees but implementation and ongoing management of the technology.

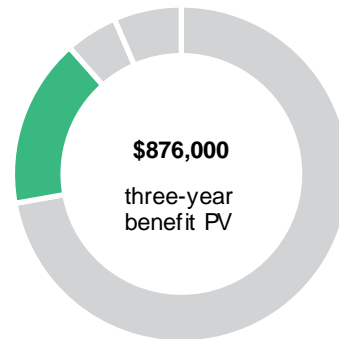
**Modeling and assumptions.** Based on customer interviews, Forrester estimates the following for the composite organization:

- There is a one-time cost associated with the technology implementation.
- The technology license fees increase in Year 2 and Year 3 due to a need for more staff to manage the increasing funds.

**Risks.** The technology costs are dependent on the complexity of the organization’s technology

infrastructure and operations as well as the number of licenses needed.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of almost \$876,000.



Saved Technology Costs					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Technology licensing	Interview	\$200,000	\$325,000	\$325,000
B2	Technology implementation costs	Interview	\$250,000	\$0	\$0
<b>Bt</b>	<b>Total technology costs over three years</b>	<b>B1+B2</b>	<b>\$450,000</b>	<b>\$325,000</b>	<b>\$325,000</b>
	Risk adjustment	↓5%			
Btr	Total technology costs over 3 years (risk-adjusted)		\$427,500	\$308,750	\$308,750
<b>Three-year total: \$1,045,000</b>			<b>Three-year present value: \$875,770</b>		

**RECAPTURED PRODUCTIVITY FOR FINANCE OPERATIONS STAFF**

**Evidence and data.** The interviewed decision-makers highlighted how working with Apex Group had enabled their staff to do things more efficiently. This resulted in recaptured productivity both for the

**“Working with Apex [Group] frees up CFO time for more strategic work, oversight, and deeper analysis.”**

*Chief financial officer of \$800 million AUM portfolio*

### Recaptured Productivity For Finance Operations Staff

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Time saved for CFO for analysis review (hours per year)	Composite	100	100	100
C2	Number of funds	Composite	1	3	3
C3	Average hourly CFO salary	TEI standard	\$192	\$192	\$192
C4	<b>Total recaptured productivity for CFO</b>	<b>C3*C2*C1</b>	<b>\$19,231</b>	<b>\$57,692</b>	<b>\$57,692</b>
C5	Time savings launching new fund (hours)	Interview	240	240	240
C6	Average hourly salary of finance operations team member	TEI standard	\$72	\$72	\$72
C7	Number of staff involved in launching new fund	Interview	4	4	4
C8	Number of new funds	Composite	1	2	0
C9	<b>Improved efficiency launching new fund</b>	<b>C5*C6*C7*C8</b>	<b>\$69,231</b>	<b>\$138,462</b>	<b>\$0</b>
Ct	<b>Total recaptured productivity</b>	<b>C4+C9</b>	<b>\$88,462</b>	<b>\$196,154</b>	<b>\$57,692</b>
	Risk adjustment	↓5%			
Ctr	Total recaptured productivity (risk-adjusted)		\$84,038	\$186,346	\$54,808
<b>Three-year total: \$325,192</b>			<b>Three-year present value: \$271,582</b>		

CFO and the rest of the finance operations team. The interviewees highlighted:

- Staff were able to focus on more value-added tasks rather than low-level administration work.
- Staff could launch funds much faster than if they were doing things in-house due to the depth and breadth of Apex Group’s support structure.

**Modeling and assumptions.** Based on customer interviews, Forrester estimates the following for the composite organization:

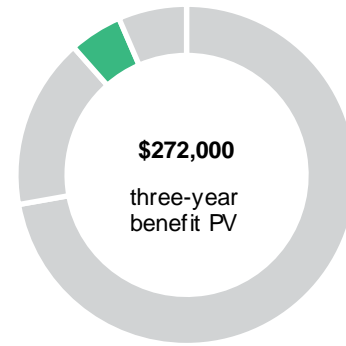
- The average CFO annual salary is \$400,000. They spend two hours a week, or roughly 100 hours a year, on analysis review.
- The time savings for launching a new fund is approximately six weeks and involves four staff members.

**Risks.** The recaptured productivity for the finance operations team depends on the complexity of the funds and their internal set up as well as regional regulatory requirements.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of almost \$272,000.

**“Apex [Group] has a better understanding of international regulations, which saves us time for reporting.”**

*Chief financial officer of \$21 billion AUM portfolio*



### **COST SAVINGS IN SETTING UP FOREIGN ENTITY AND ESG RATINGS**

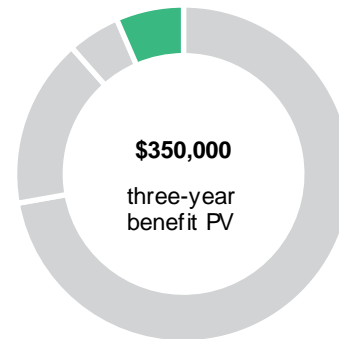
**Evidence and data.** Interviewees highlighted leveraging the Apex Group’s services to launch foreign entities and being able to evaluate the sustainability of their funds with their ESG ratings. This enabled the organizations to:

- Save on headcount at the foreign entity and the hours needed to understand all the local regulations and processes around the setup. The interviewed decision-makers’ organizations also gained confidence knowing that this was done by a party that can manage the process and knows their organizational structures well.
- Ensure they are meeting the requirements of modern sustainable investors by having ESG ratings for their investment portfolios.

**Modeling and assumptions.** Based on customer interviews and research, Forrester estimates the following for the composite organization:

- It adds ESG rating services for one of their funds for Year 2 and Year 3.
- The composite organization sets up a Luxembourg entity in Year 2.
- The effort to set up the Luxembourg entity takes 12 weeks and involves two members of staff.
- The average salary of a finance operations team member is \$150,000 annually.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of almost \$350,000.



**Risks.** The savings of setting up a foreign entity and leveraging ESG rating services depend on the complexity of the funds and which foreign entity is being started and the local regulations in the region.

### Cost Savings In Setting Up Foreign Entity And ESG Ratings

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	ESG ratings cost	Assumption	\$0	\$50,000	\$50,000
D2	One-time administrative cost for Luxembourg set up	Assumption	\$0	\$11,000	\$0
D3	Ongoing management costs	Assumption	\$0	\$15,000	\$15,000
D4	Number of staff in Luxembourg	Composite	0	1	1
D5	Average salary of finance operations team member (annual)	TEI standard	\$0	\$150,000	\$150,000
D6	Annual salary cost	D4*D5	\$0	\$150,000	\$150,000
D7	Effort in setting up Luxembourg entity (hours)	Assumption	0	480	0
D8	Number of staff involved in set up	Composite	0	2	0
D9	Total effort in setting up Luxembourg entity	D8*(D5/2080)*D7	\$0	\$69,231	\$0
Dt	Total cost savings of setting up Luxembourg set up and ESG ratings	D1+D2+D3+D6+D9	\$0	\$295,231	\$165,000
	Risk adjustment	↓5%			
Dtr	Total cost savings of setting up Luxembourg set up and ESG ratings (risk-adjusted)		\$0	\$280,469	\$156,750
<b>Three-year total: \$437,219</b>			<b>Three-year present value: \$349,561</b>		

### UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Global support.** Having access to a global support team was especially critical to the interviewed stakeholders during the pandemic years. It was also helpful during natural disasters to ensure service continuity. The Apex Group support team also provided a fast turnaround for requests.
- **Improved customer experience.** Interviewees reported that working with Apex Group gave them more time for building relationships with their existing clients. This resulted in better customer experience.
- **Increased employee experience:** The interviewed decision-makers said that knowing they had a large support team available reduced staff stress and enabled employees to focus on more value-added activities.

**“The flexibility meant that we could raise more equity at a different time than we originally thought. There was never an issue where they said they didn’t have manpower or capabilities.”**

*Chief financial officer of \$800 million AUM portfolio*

### FLEXIBILITY

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

**“Being able to get support at any time of the day allows us to stay focused on our main tasks rather than on managing global offices.”**

*Chief financial officer of \$26 billion AUM portfolio*

- **Ability to expand services.** Apex Group provides multiple services, and the interviewed decision-makers highlighted how easy it was for them to add additional services like ESG or Digital Banking based on the trends in the marketplace or investor needs.
- **Scalability.** The interviewed decision-makers highlighted the ability to scale faster, raise more equity, launch new funds, launch new foreign entities, or add more AUM seamlessly.



# 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
Etr	Total funds and services fees	\$0	\$355,950	\$1,192,275	\$1,437,450	\$2,985,675	\$2,388,920
Ftr	Onboarding and ongoing management costs	\$93,692	\$60,577	\$60,577	\$60,577	\$275,423	\$244,338
	Total costs (risk-adjusted)	\$93,692	\$416,527	\$1,252,852	\$1,498,027	\$3,261,098	\$2,633,258

## TOTAL FUNDS AND SERVICES FEES

**Evidence and data.** Apex Group offers a varied range of services across fund solutions, financial solutions, and corporate solutions. The interviewed decision makers costs varied based on the complexity of the funds and the range of services they were leveraging from Apex Group.

**Modeling and assumptions.** Based on decision-maker interviews and research, Forrester estimates the following for the composite organization:

- It starts with one fund with Apex Group and solutions from all three core service areas. For Year 2 and Year 3, it scales up to three funds.
- The composite organization's service package includes ESG rating services and a Luxembourg entity for one of the funds in Year 2.
- The composite organization's funds add complexity over the years, signing with additional services for AIV, per investment, co-invest, and per entity. This is in addition to increasing the number of units.

### Total Funds And Services Fees

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Total base administration fee per fund	Interview	\$225,000	\$675,000	\$675,000
E8	Total fund solutions	Interview	\$17,000	\$263,500	\$457,000
E9	Total financial solutions and depository services	Interview	\$90,000	\$90,000	\$90,000
E12	Total corporate solutions	Interview	\$7,000	\$107,000	\$107,000
E13	Number of Funds	Composite	1	3	3
<b>Et</b>	<b>Total funds and services fees</b>	<b>E1+E8+E9+E12</b>	<b>\$339,000</b>	<b>\$1,135,500</b>	<b>\$1,369,000</b>
	Risk adjustment	↑5%			
Etr	Total funds and services fees (risk-adjusted)		\$355,950	\$1,192,275	\$1,437,450
<b>Three-year total: \$2,985,675</b>			<b>Three-year present value: \$2,388,920</b>		

**Risks.** This cost may vary among organizations based on the size of the Apex Group relationship, the complexity of the funds, the service portfolio and the regulatory requirements while operating in specific regions.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of almost \$2,390,000.

### ONBOARDING AND ONGOING MANAGEMENT COSTS

**Evidence and data.** According to the decision-makers Forrester interviewed, their organizations' implementation time and effort depended on the complexity of the funds, the maturity of their internal organization, and their internal legal and privacy processes. The implementation time and effort ranged from two weeks to three months, with team sizes from one to five people.

**Modeling and assumptions.** Forrester estimates that the composite organization's implementation and ongoing management will include:

- Eight weeks of full-time work for three people during onboarding.
- An average salary of an internal finance operations employee of \$150,000.
- Ongoing management work with Apex Group amounting to four hours per week per employee.

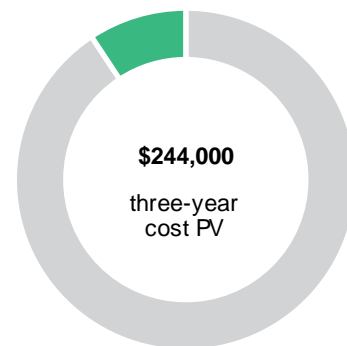
**Risks.** The cost of onboarding and ongoing management will vary with:

- The number, amount of time committed, and fully loaded hourly rate of internal stakeholders involved in implementation and training.
- The complexity of the funds, the organization's finance operations structure, and the regulatory complexity of the regions they operate in.

### Onboarding And Ongoing Management Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Implementation/Onboarding fee	Interview	\$20,000	\$0	\$0	\$0
F2	Staff required for onboarding effort	Interview	3	0	0	0
F3	Hours per week staff spends with onboarding effort	Interview	320	0	0	0
<b>F4</b>	<b>Total onboarding cost over two months</b>	<b>Interview</b>	<b>\$69,231</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
F5	Staff required for ongoing Apex Group management	Interview	0	4	4	4
F6	Number of hours spent on ongoing management (per week per employee)	Interview	0	4	4	4
F7	Number of hours spent on ongoing management (total per year per team)	Interview	0	800	800	800
<b>F8</b>	<b>Total ongoing management costs per full team</b>	<b>Interview</b>	<b>\$0</b>	<b>\$57,692</b>	<b>\$57,692</b>	<b>\$57,692</b>
F9	Average hourly salary of finance operations team member	TEI standard	\$72	\$0	\$0	\$0
<b>Ft</b>	<b>Total ongoing management costs</b>	<b>F1+F4+F8</b>	<b>\$89,231</b>	<b>\$57,692</b>	<b>\$57,692</b>	<b>\$57,692</b>
	Risk adjustment	↑5%				
Ftr	Total ongoing management costs (risk-adjusted)		\$93,692	\$60,577	\$60,577	\$60,577
<b>Three-year total: \$275,423</b>			<b>Three-year present value: \$244,338</b>			

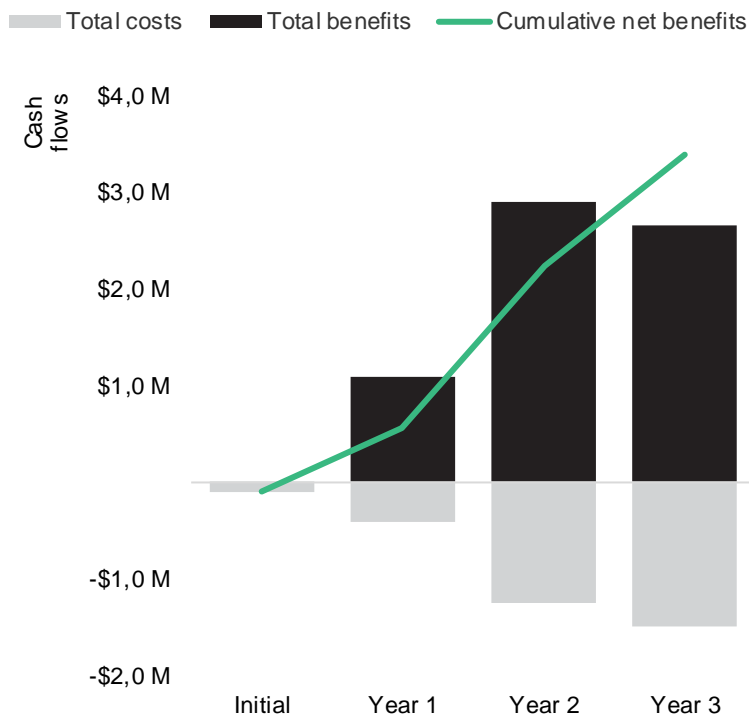
**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of over \$244,000.



# 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	(\$93,692)	(\$416,527)	(\$1,252,852)	(\$1,498,027)	(\$3,261,098)	(\$2,633,258)
Total benefits	\$0	\$1,081,538	\$2,913,065	\$2,657,808	\$6,652,412	\$5,387,559
Net benefits	(\$93,692)	\$665,012	\$1,660,213	\$1,159,781	\$3,391,313	\$2,754,301
ROI						105%
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: Endnotes

---

<sup>1</sup> 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 .

FORRESTER®