

FORRESTER®

The Total Economic Impact™ Of PayIt

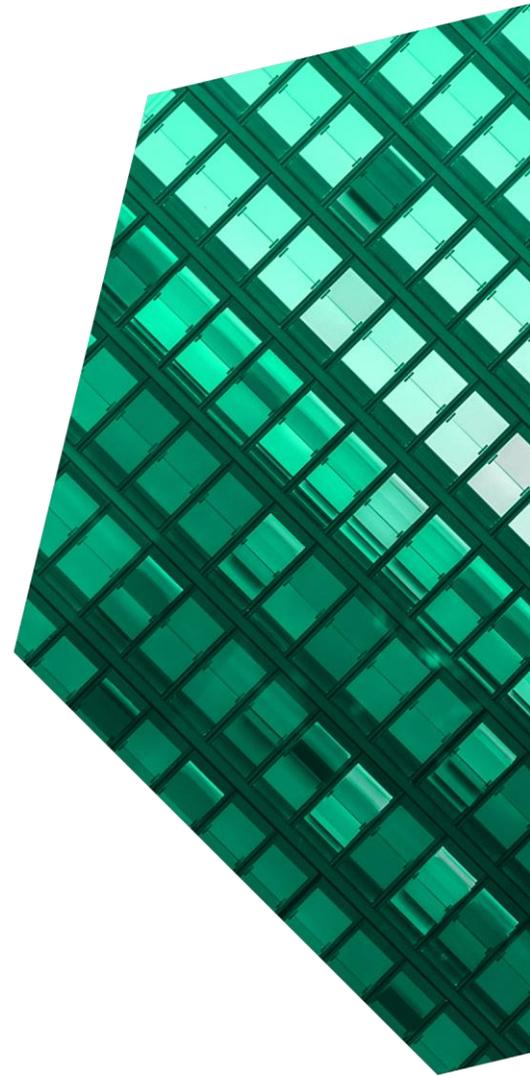
Cost Savings And Business Benefits
Enabled By PayIt's Digital Government And Payments Platform

JUNE 2021

Table Of Contents

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- Executive Summary 1**
- The PayIt Customer Journey 6**
 - Key Challenges 6
 - Composite Organization 7
- Analysis Of Benefits 8**
 - Improved Productivity Of IT Staff 8
 - Increased Productivity From the Reduction Of Document Processing 9
 - Increased Productivity From the Reduction Of Payment Reconciliation 11
 - Increased Productivity From the Reduction Of Walk-In Customers 12
 - Reduced Mail Expense 13
 - Unquantified Benefits 14
 - Flexibility 16
- Analysis Of Costs 17**
 - PayIt Transaction Fees Incurred By the Organization 17
 - Internal Efforts Toward PayIt Implementation 18
- Financial Summary 20**
- Appendix A: Total Economic Impact 21**
- Appendix B: Endnotes 22**



ABOUT FORRESTER CONSULTING

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Executive Summary

PayIt offers government agencies a way to engage customers through a modern consumer experience. The SaaS-based platform, being connected to both online and mobile payment options and a secure digital wallet, propels faster revenue collection and revenue growth.¹ Agencies deploying PayIt also observe a boost to employee productivity and morale as well as a positive impact on customer experience and their communities.

PayIt provides government organizations with modern, digital services and payment options for their customers through either the agency's own website or the PayIt mobile application.

PayIt commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying PayIt digital government services.² The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of PayIt on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four government agencies with experience using PayIt. For the purposes of this study, Forrester aggregated the experiences of these organizations and combined the results into a single composite organization.

Prior to using PayIt, the organizations had deployed other digital payment platforms, but they found them to be a burden for internal IT personnel to manage. While customers of the government agencies were using the legacy payment solutions, adoption was not at the desired level. Daily, manual work was necessary in order to process documents and payments, and the challenges employees faced in doing this work had a negative impact on their morale.

After deploying PayIt, the transaction services offered by the government agencies greatly improved and

KEY STATISTICS



Return on investment (ROI)

322%



Net present value (NPV)

\$789K

had a positive impact on several facets of their operations. Greater adoption of the digital payment route led to increases in customer compliance and revenues as well as faster collection of revenues. Employee productivity increased as tedious, manual tasks were greatly reduced or eliminated. The PayIt solution reduced efforts related to walk-in customers, document processing, and payment reconciliation. The diminution of wearisome work and customer issues improved the employee experience and morale. As noted by the interviewees, PayIt allowed citizens of the greater community to avoid making trips to government offices; wherein, people no longer had to take time off from work just to make the trip and the cost of travel to and from government offices was avoided.

KEY FINDINGS

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

- **Increased productivity of IT staff.** Once PayIt is deployed, IT personnel that were previously tasked with maintaining the legacy website and digital payment portal are freed up to take on other value-added projects, as PayIt takes over the effort to maintain the portal going forward. Over three years, the increased productivity of the IT staff is worth \$629,326.

Increased productivity of IT staff

\$629,326



- **Increased productivity from the reduction of document processing.** As more customers adopt PayIt, organizations receive fewer physical documents to process. This benefit amounts to \$190,084 over three years.
- **Increased productivity from the reduction of payment processing.** PayIt drives increased adoption of digital payments. This reduces the volume of physical checks that need to be processed as well as any internal efforts toward payment reconciliation experienced under legacy digital payment systems. This benefit is calculated at \$126,722 over three years.
- **Increased productivity from the reduction of walk-in customers.** As digital payments increase under PayIt, the number of walk-in customers decrease, freeing up time for employees and increasing their productivity. This benefit is calculated at \$75,991 over three years.
- **Reduced mail expense.** Consumers signing up to use PayIt can go paperless and receive email notifications of new bills and late notices,

reducing mail-related expenses such as paper, envelopes, printing, postage, and labor. This benefit is calculated at \$11,375 over three years.

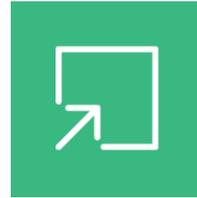
Unquantified benefits. Benefits that are not quantified for this study include:

- **Increased customer compliance and revenues.** Providing customers with the option to pay online or through a mobile device drives up customer compliance, reduces delinquent payments, and improves the revenue collection cycle.
- **Improved community funding cycle.** The increase in digital payments results in greater revenue collection and steadier funding of important government programs in local communities.
- **Increased convenience and quality of life for customers.** PayIt provides consumers with a modern experience that is not commonly found in government-related transactions. The convenience of digital payments and mobile access eliminates any travel and wait time that is typically associated with government-related transactions.
- **Improved employee morale.** Freeing up employees from supporting deficient legacy solutions, or dealing with the customer experience consequences of those solutions, improves employee morale, as their time is better utilized on other projects and helping customers accomplish their objectives.
- **Augmented customer support.** The PayIt deployment includes customer support for any issues or questions that come up in regard to the solution. The web portal self-service and interactive voice response (IVR) technology implemented by PayIt reduces the internal efforts needed at the government agencies to respond to customer inquiries.

Costs. Risk-adjusted PV costs include:

- **Paylt transaction fees incurred by the organization.** Paylt offers flexible pricing arrangements for government agencies, including a range of transaction-based fees or a SaaS subscription price. Organizations can pass along, wholly or in part, the Paylt fees to customers through either burdened rates or transaction fees, and in some cases, they can utilize various government funding sources to cover the fee. For the composite organization, Forrester assumes that it will incur a \$3 fee and will collect \$2 per transaction from its customers, resulting in a net fee to Paylt of \$1 per transaction, amounting to \$214,227 over three years.

- **Internal efforts toward Paylt implementation.** Some internal effort is needed to assist with the



Paylt transaction fees

\$214,227

deployment of Paylt, and that effort is valued at \$30,455 over three years.

The organization interviews and financial analysis found that a composite organization experiences benefits of \$1,033,498 over three years versus costs of \$244,682, adding up to a net present value (NPV) of \$788,816 and an ROI of 322%.

How many times in a treasurer’s career [do] you have the chance to make such an impact on your community? There are career-defining moments that we can put our hands on, and this is one of them for me.

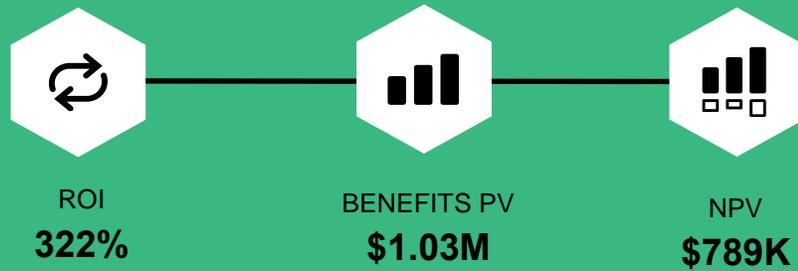
— City treasurer, municipal government

Interviewed Organizations

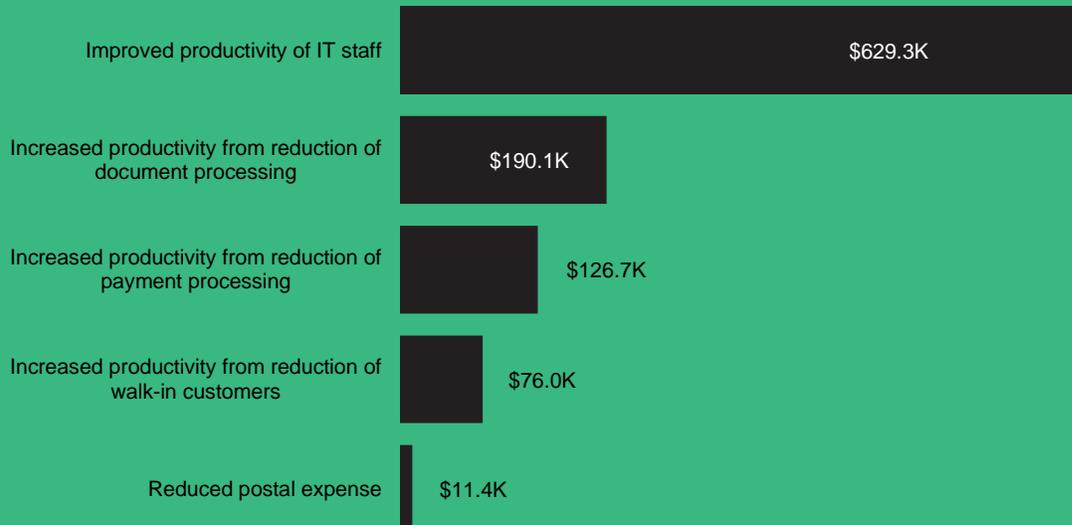
Sector	Region	Interviewee	Annual transactions
Municipal government	Midwest USA	Collector of revenue, assistant collector, IT manager	1,000,000
State government	Midwest USA	Director	1,000,000
Municipal government	Midwest USA	City treasurer	552,000
State government	Southeast USA	Commissioner	9,000,000

Composite Organization

Government agency | 100,000 transactions per year (50% digital, 35% mail/drop box, 15% walk-in customers)



Benefits (Three-Year)



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 PayIt.

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 the PayIt can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by PayIt 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 PayIt.

PayIt 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.

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



DUE DILIGENCE

Interviewed PayIt stakeholders and Forrester analysts to gather data relative to the PayIt.



CUSTOMER INTERVIEWS

Interviewed four decision-makers at organizations using the PayIt 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 PayIt Customer Journey

■ Drivers leading to the PayIt investment

KEY CHALLENGES

The municipal and state government agencies that spoke with Forrester offered a variety of services, including water, refuse, property and other municipal taxes, parking citations, vehicle registration, and driver license renewal. The agencies processed anywhere from 1 million to 9 million annual customer transactions through several channels, including walk-in customers, mail or drop-box items, and legacy digital payment solutions. The interviewed organizations struggled with common challenges, including:

- **Finding ways to increase customer compliance.** The collector of revenue said: “We’re in the business of trying to collect taxes. That’s obviously not first and foremost on everybody’s list of things to do, so we have to take that opportunity to try to make this particular collection as easy as possible.”
- **Reducing the manual effort needed for payment reconciliation and other tasks.** The assistant collector explained: “Every day I was sitting there printing 1,000 bills, and after I finished printing, I would have to look at every single one of them and make sure they match up and make any adjustments by hand, run them on the machine, verify them. I was working as hard as I can every day and it was exhausting.”
- **Issues with legacy digital payment systems.** The collector of revenue said, “We started off with [another digital payment vendor], but there were limitations.” When asked about the limitations, the assistant collector explained: “Customers weren’t able to cart their payments. ... They also didn’t have a mobile presence, and their website was dated, and it was blind pay. ... A customer could make a typo in their account number because they are entering it in

“We were just getting hammered by our customers about wait times.”

Commissioner, state government

themselves and then we get a payment, and we didn’t know where it was supposed to go. We have to sit there and do investigation work and figure out what this payment was for.”

The collector of revenue added: “[The legacy solution] did require our IT resources to maintain and troubleshoot, which took them away from other projects we have going. We also then added several different applications. They weren’t identical services, but they were similar services. ... We had three applications running, IT was trying to put all of those under one umbrella.”

- **Engaging customers with a modern experience.** The interviewees discussed how to best serve customers and how people want convenient digital methods to conduct business with government agencies. The city treasurer noted that his organization had, “tagged all of our web pages and found out that people were touching our website 86% of the time for bill information and information to pay a bill.” The commissioner said that his organization was seeking a way of, “allowing the customer options and trying to get to the 21st century, where you can actually walk through a process on your phone or home machine.”

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four government agencies that Forrester interviewed and average municipal and county agency customers of PayIt and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The government agency has 100,000 transactions per year. A legacy digital payment solution handles 50% of those transactions, while 35% come through mail or a drop box, and the remaining 15% are walk-in customers. Annual transactions grow by 5% per year.

Key assumptions

- **Government agency**
- **100,000 transactions per year, growing 5% annually**
 - **50% digital**
 - **35% mail/drop box**
 - **15% walk-in customers**

[Our agency] changes all the time. It's not a cookie cutter outfit. We have situations that develop, and you need to work around that and I think that PayIt has given us the ability to converse with them and interact with them to resolve problematic situations.

— Collector of revenue, municipal government

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	Improved productivity of IT staff	\$253,061	\$253,061	\$253,061	\$759,183	\$629,326
Btr	Increased productivity from the reduction of document processing	\$35,365	\$85,877	\$115,745	\$236,987	\$190,084
Ctr	Increased productivity from the reduction of payment reconciliation	\$23,576	\$57,246	\$77,169	\$157,991	\$126,722
Dtr	Increased productivity from the reduction of walk-in customers	\$16,577	\$37,707	\$39,608	\$93,893	\$75,991
Etr	Reduced postal expense	\$4,366	\$4,585	\$4,814	\$13,765	\$11,375
	Total benefits (risk-adjusted)	\$332,945	\$438,476	\$490,397	\$1,261,819	\$1,033,498

IMPROVED PRODUCTIVITY OF IT STAFF

Evidence and data. The deployment of PayIt provides organizations the opportunity to move internal resources that had supported legacy solutions to other value-added projects.

- The commissioner explained: “PayIt took over our website [and deployed] their app. PayIt handles all of that for us. We do not have anything that we manage or need to maintain ourselves. ... There was a lot of savings on the IT side. ... We shifted those staff back to projects that we had in the queue that we couldn’t get out.”
- He added: “It was about five FTEs full time on the software side. On the hardware side, I would say [it took] about two to three FTEs to do that operation and maintenance.”

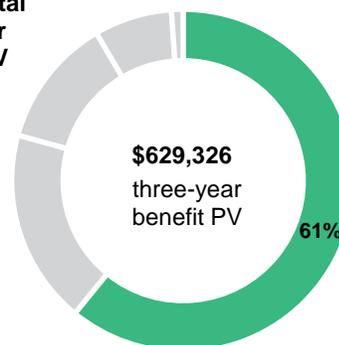
Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following:

- With the deployment of PayIt, five IT FTEs no longer need to support the legacy web presence and digital payment solution.
- The IT FTEs use 75% of the saved time for other productive, value-added activities.

Risks. The value of this benefit may vary across organizations due to differences in:

- The internal support needed for legacy solutions.
- The prevalence of other value-added tasks for the IT FTEs.

61% of total three-year benefit PV



To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$629,326.

Improved Productivity Of IT Staff					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	IT FTEs supporting legacy solution	Composite	5	5	5
A2	Fully burdened blended annual salary	Assumption	\$74,981	\$74,981	\$74,981
A3	Productivity recapture	Composite	75%	75%	75%
At	Improved productivity of IT staff	A1*A2*A3	\$281,179	\$281,179	\$281,179
	Risk adjustment	↓10%			
Atr	Improved productivity of IT staff (risk-adjusted)		\$253,061	\$253,061	\$253,061
Three-year total: \$759,183			Three-year present value: \$629,326		

INCREASED PRODUCTIVITY FROM THE REDUCTION OF DOCUMENT PROCESSING

Evidence and data. PayIt provides organizations a solution to drive adoption of digital payments. This in turn reduces the volume of mail and documents received from walk-in customers and the expense of processing those documents.

- The commissioner explained: “We have three different units that would touch that [vehicle] registration. It would be our remittance processing unit, which receives it [and] opens it. And you’ve got a scan unit, who has to scan all of that paper into the system. And then you’ve got the QA department that reviews it, and then issues the sticker out to the customers. You’re looking at, on average, probably 30 [minutes] per unit. ... It’s six people probably would have to touch that piece of paper to get it out the door.”
- The commissioner talked about the reduction of time needed for document processing: “[With PayIt, the process] actually skips through to the last part, and all [our employees need] to do is validate it, check it, and send the sticker. It skips

two processes for us in our scan center and our remittance processing center. ... You’re looking at probably 10 minutes on the final step, the match, because all the data is already there for you when we get to that file. [Someone is] just making sure that the file was received correctly, where you can do everything at one time versus one at a time.”

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following:

- Physical document volume remains at 50% of all transactions without PayIt, and transaction volume grows 5% per year.

“When I look at the city operations, it means that we’re not touching a piece of paper. I’m seeing 150,000 fewer paper checks that are mailed to us each year, which means I don’t have somebody sorting the mail, I don’t have somebody then re-sorting it after that.”

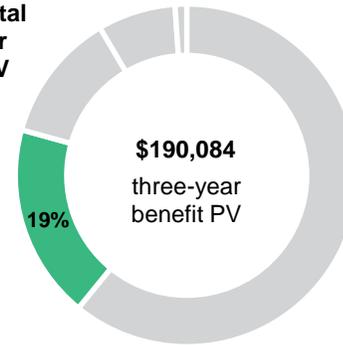
City treasurer, municipal government

- After one year with Paylt, digital transactions increase from 50% to 60% of all transactions as the physical document volume falls to 40%.
- Paylt transactions increase to 70% of all transactions in Year 2 and 75% in Year 3.
- Employee time spent handling physical documents falls from 0.5 hours to 0.2 hours on average, resulting in 0.3 hours saved per document. Using a fully burdened pay rate for a municipal clerk, this equals an average cost savings of \$6.55 per transaction.
- Seventy-five percent of the time saved is used for other productive, value-added activities.

- The ability of organizations to shift employees to other value-added activities.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$190,084.

19% of total three-year benefit PV



Risks. The value of this benefit can vary across organizations due to differences in:

- The adoption rate of Paylt in a community.

Increased Productivity From The Reduction Of Document Processing					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Physical document volume without Paylt	Composite	50,000	52,500	55,125
B2	Physical document volume with Paylt	Composite	42,000	33,075	28,941
B3	Reduction of document volume	B1-B2	8,000	19,425	26,184
B4	Average employee hours spent with processing single document	Interview	0.30	0.30	0.30
B5	Annual reduction of hours spent on processing document (rounded)	B3*B4	2,400	5,828	7,855
B6	Fully burdened annual salary of clerk	Assumption	\$21.83	\$21.83	\$21.83
B7	Productivity recapture	Composite	75%	75%	75%
Bt	Increased productivity from the reduction of document processing	B5*B6*B7	\$39,294	\$95,419	\$128,606
	Risk adjustment	↓10%			
Btr	Increased productivity from the reduction of document processing (risk-adjusted)		\$35,365	\$85,877	\$115,745
Three-year total: \$236,987			Three-year present value: \$190,084		

INCREASED PRODUCTIVITY FROM THE REDUCTION OF PAYMENT RECONCILIATION

Evidence and data. PayIt reduced the volume of paper checks that government agencies received, and it automated much of the manual effort required in the payment reconciliation process, including manual efforts previously needed on legacy digital payment solutions and chargeback disputes.

- The city treasurer explained how PayIt simplifies their payment processing and reconciliation: “Anytime you automate something for digital payments you’re going to save time in the reconciliation process, because the information is good when you get it. PayIt puts it in a format that will immediately upload into our back-office systems. It saves us probably 2 to 3 hours throughout our day during the reconciliation of balancing process, and we balance our receipts on a daily basis. It’s allowed us to free up time to work with our customers.”
- The assistant collector explained: “It would take me to print and process [1,000 bills] probably 4 or 5 hours. And now it takes probably 45 minutes. ... It’s a huge, huge time saver.... “We were on time this year and the import file made it possible. ... I can’t say enough about the import file.”

“When PayIt gave us the import file, I’m telling you, I felt like [it was] the first breath I had taken in weeks, it was amazing. I think for [the payment processors], [it’s a] weight off of their shoulders that they know PayIt has this imported in for them. It’s been huge.”

Assistant collector, municipal government

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following:

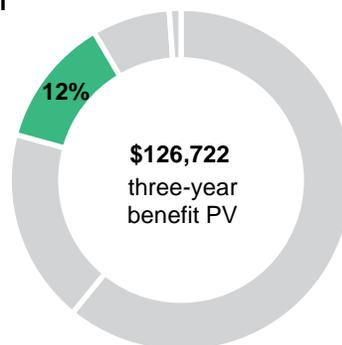
- Paper check volume remains at 50% of all transactions without PayIt, and transaction volume grows 5% per year.
- After one year with PayIt, digital transactions increase from 50% to 60% of all transactions as the physical check volume falls to 40%.
- PayIt transactions increase to 70% of all transactions in Year 2 and 75% in Year 3.
- Employee time spent processing and reconciling a single payment falls from 0.25 hours to 0.05 hours on average, resulting in 0.2 hours saved per document. Using a fully burdened pay rate for a municipal clerk, this equals an average cost savings of \$4.37 per transaction.
- Seventy-five percent of the time saved is used for other productive, value-added activities.

Risks. The value of this benefit can vary across organizations due to differences in:

- The adoption rate of PayIt in a community.
- The ability of organizations to shift employees to other value-added activities.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$126,722.

12% of total three-year benefit PV



Increased Productivity From The Reduction Of Payment Reconciliation

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Checks processed without Paylt	Interview	50,000	52,500	55,125
C2	Checks processed with Paylt	Interview	42,000	33,075	28,941
C3	Reduction of checks received and processed	C1-C2	8,000	19,425	26,184
C4	Average employee hours spent processing single check	Interview	0.20	0.20	0.20
C5	Annual reduction of hours spent with walk-in customers	C3*C4	1,600	3,885	5,237
C6	Fully burdened hourly salary of clerk	Assumption	\$21.83	\$21.83	\$21.83
C7	Productivity recapture	Composite	75%	75%	75%
Ct	Increased productivity from the reduction of payment reconciliation	C5*C6*C7	\$26,196	\$63,607	\$85,743
	Risk adjustment	↓10%			
Ctr	Increased productivity from the reduction of payment reconciliation (risk-adjusted)		\$23,576	\$57,246	\$77,169
Three-year total: \$157,991			Three-year present value: \$126,722		

INCREASED PRODUCTIVITY FROM THE REDUCTION OF WALK-IN CUSTOMERS

Evidence and data. Shifting customers to Paylt reduces the number of walk-in customers that interact with a clerk, permitting organizations to shift employee time to other value-added activities.

- For a municipal government with a legacy digital payment option, walk-in customers were 15% of all transactions prior to Paylt.
- The city treasurer said, “With Paylt, we’ve seen a 75% decrease in walk-in customers, [and] when you talk about a decrease in walk-in customers, it is the most expensive transaction you have.”
- The commissioner said, “They have seen a reduction in their foot traffic, so that would be one area for sure that I know we’ve seen a decrease.”

Modeling and assumptions. The portion of transactions conducted with walk-in customers can vary widely across organizations depending on the services provided, the region served, and the usage

of any legacy digital payment solutions. To calculate the value of this benefit, Forrester assumes the following:

- The 15% portion of transactions reported as walk-ins by the municipal government is used in this study as a conservative assumption, as other agencies experienced a greater portion of transactions through walk-in customers.
- Total transaction volume grows 5% per year.
- After Year 1, walk-in customers fall to 10% of all transactions.
- In Years 2 and 3, Paylt adoption continues to increase, while walk-in customers fall to 5% of all transactions.
- The average time an employee interacts with a walk-in customer is 0.25 hours. Using a fully burdened pay rate for a municipal clerk, this equals a cost of \$5.46 per transaction.

- Seventy-five percent of the time saved is used for other productive, value-added activities.

Risks. The value of this benefit can vary across organizations due to differences in:

- The adoption rate of Paylt in a community.

- The ability of organizations to shift employees to other value-added activities.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$75,991.

Increased Productivity From The Reduction Of Walk-In Customers					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Walk-in customers without Paylt	Interview	15,000	15,750	16,538
D2	Walk-in customers after Paylt	Interview	10,500	5,513	5,788
D3	Reduction of walk-in customers	D1-D2	4,500	10,237	10,750
D4	Average employee hours spent with single walk-in customer	Interview	0.25	0.25	0.25
D5	Annual reduction of hours spent with walk-in customers (rounded)	D3*D4	1,125	2,559	2,688
D6	Fully burdened hourly salary of clerk	Assumption	\$21.83	\$21.83	\$21.83
D7	Productivity recapture	Composite	75%	75%	75%
Dt	Increased productivity from the reduction of walk-in customers	D5*D6*D7	\$18,419	\$41,897	\$44,009
	Risk adjustment	↓10%			
Dtr	Increased productivity from the reduction of walk-in customers (risk-adjusted)		\$16,577	\$37,707	\$39,608
Three-year total: \$93,893			Three-year present value: \$75,991		

REDUCED MAIL EXPENSE

Evidence and data. As customers adopt Paylt, they can receive digital bills, reminders, and receipts, reducing expenses for supplies and postage for the organization. The reminders, along with the convenience of using Paylt and setting up autopay, can also result in fewer late payments. This further reduces the volume of mail by lowering late payment notifications.

- The city treasurer said: “[Thousands] of our water customers get direct bill notifications where we’re not mailing anything to them. ... [Thousands

more] late payment mailings don’t go out, because people are more timely.”

- Data provided by the city treasurer shows that:
 - Digital notifications represent approximately 10% of annual digital transactions.
 - The estimated average cost of sending a bill or late notice, including paper, envelope, printing, postage, and labor, is \$0.70.

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following:

- Customers adopting PayIt set up digital bill notifications equivalent to 10% of annual PayIt transactions.
- Ten percent of the digital bill notifications would have resulted in late notices that are not needed, due to the payment reminders, autopay, and the convenience of using PayIt.
- The average total cost of one mail item for the agency is \$0.70.

Risks. The value of this benefit can vary across organizations due to differences in:

- The adoption rate of PayIt in a community.
- The ability of organizations to shift employees to other value-added activities.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$11,375.

Reduced Postal Expense					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Reduction of mail volume due to electronic bill notification	Composite	6,300	6,615	6,946
E2	Reduction of mail volume due to autopay eliminating late notices	Composite	630	662	695
E3	Cost of postage and labor to mail bill or notice	Interview	\$0.70	\$0.70	\$0.70
Et	Reduced postal expense	(E1+E2)*E3	\$4,851	\$5,094	\$5,349
	Risk adjustment	↓10%			
Etr	Reduced postal expense (risk-adjusted)		\$4,366	\$4,585	\$4,814
Three-year total: \$13,765			Three-year present value: \$11,375		

UNQUANTIFIED BENEFITS

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

- **Increased customer compliance and revenues.** The interviewees discussed how PayIt helped them increase the rate at which the customer base was paying bills, even during the COVID-19 pandemic. The city treasurer said: “We had this system put in place before COVID. ... We’ve got two of our payment channels that are achieving over 90% digital payments. We as a city are over 75% digital payment for our four major channels. I think you’ll be hard-pressed to find that in any other community right now.” He added “We went from \$29.6 million using the

[legacy digital payment system] in the final year, to now over \$78 million within 3.5 to 4 years.”

The collector of revenue said: “Once the user created their login in PayIt and linked all their services, they would get a notification when the bill is due even before we mail it out. This year,

“I just think this type of service is what our drivers (and especially our younger drivers) are expecting now, and I think they want to be able to do everything from their phones. I don’t see us ever going away from it.”

Director, state government

before we even mailed out the property and real estate bills, we sent the file out to be printed and sent the file out to PayIt; the next day we had around 1,000 payments on PayIt before the bills even hit the street.”

- **Improved community funding cycle.** For some communities, critical program funding is dependent upon the collection of revenues by government agencies. The city treasurer said: “[PayIt] allows us to collect and distribute to the local units their funds faster. ... The school district starts class in the fall — 93% [to] 95% of the money we collect has been distributed to them. They are fully funded as they start the school year. In our [recreation] department, we’ve done a huge overhaul in terms of growing our park system, revamping them, improving them. Getting the money [in a] timely [manner], and having people pay in these manners allows those departments to have the funds to continue their work.”

“I paid my water bill [on PayIt], and I work in the water department. I could literally just write a check and walk two feet, but it’s much easier to click one tap and pay on PayIt.”

Assistant collector, municipal government

- **Increased convenience and quality of life for customers.** Deploying PayIt provides the option for customers to avoid the time they would need to travel and wait in line to submit documents or make a payment in person. For some customers, a trip to pay a bill or renew a vehicle registration might involve taking time off of work and arranging for childcare. The public health benefits of avoiding that trip and the interaction during the

COVID-19 pandemic was also acknowledged by the interviewees.

“[PayIt] wants to know what you need and what you want, and if [they] can create it for [us] and if [they] can keep meeting our needs as our customer base evolves. We’re working with them constantly because they’re working with us.”

Collector of revenue, municipal government

- **Improved employee morale.** The commissioner told Forrester about the transition from the legacy solution to PayIt and the impact it had on employees: “They were actually excited. This was one of the areas that they really didn’t like the work they do. It was frustrating because there was a lot of rules, just a lot of headache [compared to] the other roles that they could do, the other projects they can work on that can get delivered quicker. They knew they could do that, and they like to be able to be productive, and show people that, ‘Here’s my work.’ And make our customers happy. ... We don’t have to worry about that anymore. And we didn’t let anybody go. We obviously, had plenty of work. So, we just retooled and restructured the world to make sure they could work.”
- **Augmented customer support.** Once PayIt is deployed, they will provide organizations with customer support to deal with any issues that customers may have with the service. The commissioner said: “I was really impressed with [PayIt]. It was like a white-glove treatment. If we had any citizen that didn’t had a good experience or had an issue, our staff didn’t have to do anything other than hand it off to PayIt, and they talked to the customer, and report it back what happened. ... It really helped us with customer

service, which is one of the main reasons we wanted to move over to PayIt.”

FLEXIBILITY

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

Customized solution that can be adapted to suit organizational needs. The interviewees noted how PayIt worked with them to provide the solution they needed for their community, mentioning features such as Spanish versions and supporting voter registration. The collector of revenue said: “[PayIt has] been very good with regard to responding to the things that we as an office require. It’s good to have that cooperation and that response time with people who understand what we’re going through and then are able to listen, and then make the necessary changes and work with us as a group. That has really been very, very helpful.”

The director said: “We all know these online services are what customers are expecting. I think PayIt’s brought some fresh ideas to our program that we wouldn’t have had if we kept it all in-house. ... Their expertise has been a big advantage for us. ... We still do a weekly call with them. ... Still having that communication is not something we have with all our vendors, so those extra efforts on their part are appreciated.”

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

[The] DMV has always been a place that no one really wants to go visit. For us to add a positive experience with DMV, it has really helped us in our community.

— Commissioner, state government

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
Ftr	Paylt transaction fees incurred by the organization	\$0	\$72,450	\$88,751	\$99,845	\$261,046	\$214,227
Gtr	Internal efforts toward Paylt implementation	\$30,455	\$0	\$0	\$0	\$30,455	\$30,455
	Total costs (risk-adjusted)	\$30,455	\$72,450	\$88,751	\$99,845	\$291,501	\$244,682

PAYIT TRANSACTION FEES INCURRED BY THE ORGANIZATION

Evidence and data. The ability of certain government agencies to recoup or pass along the transaction fees charged by Paylt provides those organizations with the ability to implement this solution at a per-transaction cost, which is far less than the cost of either manually processing documents and checks received or for a clerk to interact with a walk-in customer. This latter scenario is noted above in the composite organization as being \$5.46 per transaction. Paylt added that many customers do pass through the entire fee to their customers, effectively reducing this cost to \$0.00 per transaction.

The interviewees discussed ways in which they collect some or all of this fee from their customers. Some organizations will charge customers a transaction fee, and use that amount to offset the fees owed to Paylt. Other methods used involve: including the projected amounts due to Paylt in rate-setting studies; setting customer rates and fees that will cover a portion of the fees due to Paylt; or obtaining funding available from other government sources.

Paylt told Forrester that a range of fees are charged to customers depending on the deployment configuration and services offered. Some services do

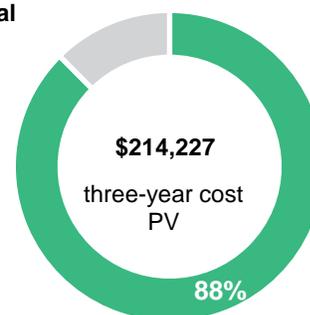
not incur a fee, such as 311 information, voter registration, or other social services. For the composite organization, a flat fee of \$3.00 per payment transaction is typically charged.

Modeling and assumptions. To calculate the value of this cost, Forrester assumes that the composite organization charges its customers a \$2.00 fee per payment transaction, resulting in a net fee incurred of \$1.00 per transaction.

Risks. The value of this cost can vary across organizations and is dependent on the ability to pass through transaction fees to customers.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$214,227.

88% of total three-year cost PV



Paylt Transaction Fees Incurred By The Organization

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Annual transactions	Composite		63,000	77,175	86,822
F2	Transaction fee	Composite		\$3.00	\$3.00	\$3.00
F3	Portion of fee passed through in customer rates	Composite		\$2.00	\$2.00	\$2.00
F4	Net transaction fee	F2-F3		\$1.00	\$1.00	\$1.00
Ft	Paylt transaction fees incurred by the organization	F1*F4	\$0	\$63,000	\$77,175	\$86,822
	Risk adjustment	↑15%				
Ftr	Paylt transaction fees incurred by the organization (risk-adjusted)		\$0	\$72,450	\$88,751	\$99,845
Three-year total: \$261,046			Three-year present value: \$214,227			

INTERNAL EFFORTS TOWARD PAYIT IMPLEMENTATION

Evidence and data. Interviewees told Forrester that some minimal internal efforts were needed to implement Paylt. This required between two and four FTEs to be involved with the deployment and spend up to 80% of their time for two to four months.

Modeling and assumptions. To calculate the value of this cost, Forrester assumes that two FTEs spend 80% of their time for 12 weeks to facilitate the implementation of Paylt.

Risks. The value of this cost can vary across organizations due to differences in the complexity of the Paylt implementation.

“As far as the maintenance and operation side, [the cost] is zero, and it is wonderful.”

Commissioner, state government

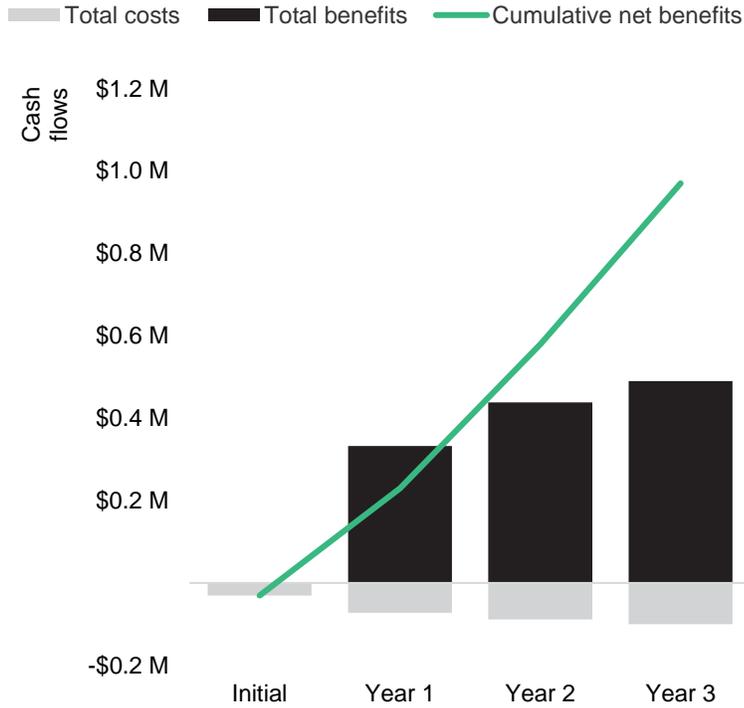
To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$30,454.

Internal Efforts Toward Paylt Implementation						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Internal FTEs facilitating Paylt implementation	Interview	2			
G2	Duration of Paylt implementation (weeks)	Interview	12			
G3	Portion of time dedicated to Paylt implementation	Interview	80%			
G4	Internal hours dedicated to Paylt implementation	$G1 * G2 * G3 * 40$	768			
G5	Fully burdened blended hourly salary of implementation team	Assumption	\$36.05			
Gt	Internal efforts toward Paylt implementation	$G4 * G5$	\$27,686	\$0	\$0	\$0
	Risk adjustment	↑10%				
Gtr	Internal efforts toward Paylt implementation (risk-adjusted)		\$30,455	\$0	\$0	\$0
Three-year total: \$30,455			Three-year present value: \$30,455			

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	(\$30,455)	(\$72,450)	(\$88,751)	(\$99,845)	(\$291,501)	(\$244,682)
Total benefits	\$0	\$332,945	\$438,476	\$490,397	\$1,261,819	\$1,033,498
Net benefits	(\$30,455)	\$260,495	\$349,725	\$390,552	\$970,318	\$788,816
ROI						322%

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

¹ SaaS: software as a service.

² 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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