



FORRESTER®

The Total Economic Impact™ Of Stripe

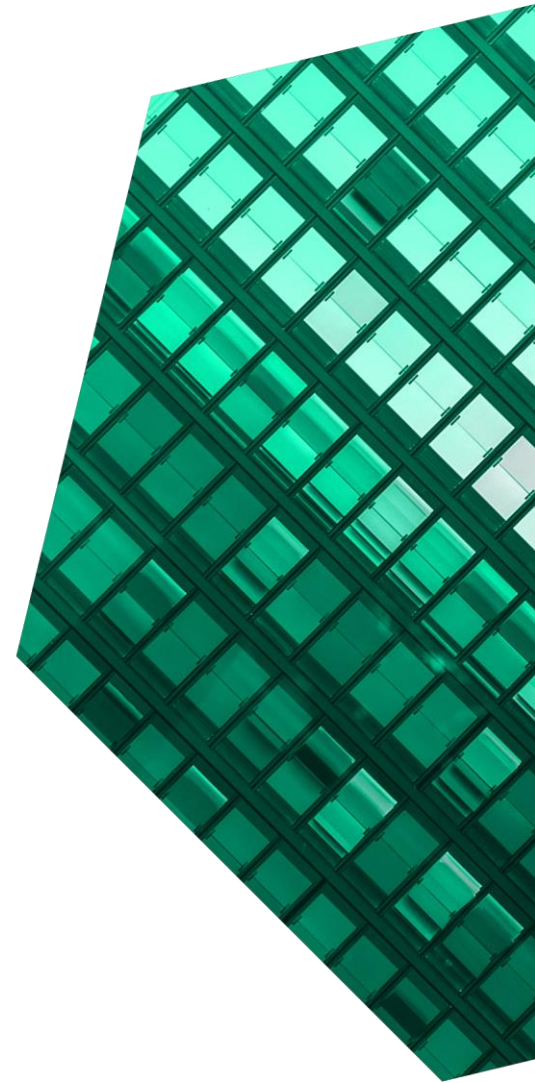
Cost Savings And Business Benefits
Enabled By Stripe

JULY 2022

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ABOUT FORRESTER CONSULTING

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Executive Summary

Buying patterns are evolving in both B2C and B2B models. In the B2C space, payments are increasingly frequent and often invisible due to remote purchasing and new business models like subscriptions. For B2B, purchasers expect the same level of service that they encounter in their personal lives. Such demands necessitate new payment solutions that power better experiences and efficiencies. Adopting Stripe drives incremental revenues, decreases fraud and chargebacks, and reduces payment solution management costs.

[Stripe](#) is a global financial infrastructure platform designed to modernize enterprise commerce. Stripe's solutions help companies optimize their payments infrastructure and processes, easily add new business models and revenue streams, and simplify global expansion. Offering a unified product suite, Stripe also reduces fraud rates and compliance effort.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives at four organizations with experience using Stripe. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a consumer product goods (CPG) company with annual revenue of \$1 billion from marketplace, distribution, and subscription business models.

Prior to using Stripe, these interviewees shared how their organizations struggled with outdated systems that lacked flexibility and necessary capabilities, such as stand-up of delivery models during COVID-19 lockdowns and easy expansion into new countries. These limiting factors negatively impacted

KEY STATISTICS



Return on investment (ROI)
326%



Net present value (NPV)
\$23.27M

companies' efforts to increase revenues, resulted in fraud and chargeback rates that were deemed too high, and required too much manual effort devoted to payment systems' management.

After the investment in Stripe, the interviewees noted that their organizations have achieved incremental revenue growth, reduced chargebacks, received time savings from managing the payment solution and related activities, experienced better payment solution uptime and performance, and optimized compliance and security overall. All of these outcomes also contributed to increased customer satisfaction.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increases in revenue from a 5% improvement in authorization rates.** Using Stripe intelligently formats transaction messages and routing combinations via Adaptive Acceptance, increasing local processing, providing services such as automatic card renewal, and acting on insights from better data. Because of these benefits, the composite organization experiences increased authorization rates. The three-year value of increased authorization rates is \$13.2 million.
- **Increases revenue by 1% from enabling more payment methods.** Stripe allows the composite's customers to use preferred methods of payments beyond credit and debit cards for both B2C and B2B transactions. This is especially advantageous in geographies that have unique and regionally relevant payment methods. The three-year value from new, non-cannibalized transactions is \$2.6 million.
- **Increases revenue by 3% from enabling business expansion.** Stripe enables the composite organization to stand up new business models, track and monetize fees, and/or easily expand into new geographies, all of which results in incremental revenue growth. This benefit increases over time as the composite organization becomes more proficient using Stripe, rolls out additional capabilities, and implements new business models, and the total value over three years is \$5.4 million.
- **Reduces chargebacks by 80%.** Using Radar from Stripe helps the composite organization reduce fraud, which results in fewer chargebacks. Specifically, chargebacks are reduced from 50 basis points to 10 basis points, which is worth \$9.1 million over the life of the study.

Revenue uplift from Stripe over three years:

8.1%



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

- **Increased customer satisfaction.** The Stripe platform delivers better experiences and buying journeys for an organization's customers. This translates into happier customers, which can increase their lifetime value.
- **Improved payment solution uptime and performance.** Stripe has better availability and reliability than previous payment solutions. This contributes to revenue assurance and translates to less time spent troubleshooting problems.
- **Reduced effort on payment processing activities.** The time required to manage Stripe is significantly less than that of other payment solutions. Additionally, other payment-related activities, such as accounts receivable (AR) and treasury, can also require less effort.
- **Improved insights.** Stripe provides a dashboard and analytics tools that enable better data reporting and analysis that generate valuable business insights.
- **Improved security, compliance, and fraud protection.** Stripe has a wide range of solutions that improve security and compliance. These solutions also reduce fraud, which was captured financially in the reduced chargebacks benefit. Stripe also has a team of experts that assists companies with applying best practices, especially when expanding into new countries.

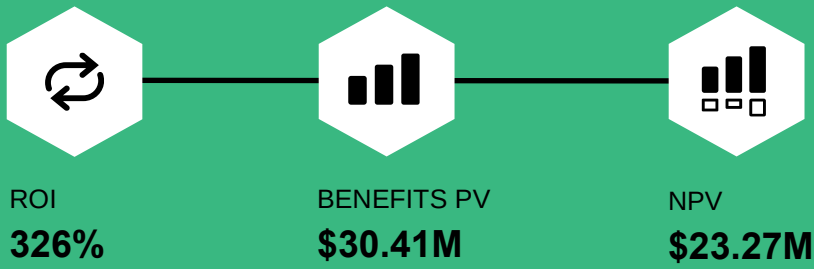
Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Stripe fees totaling \$7.1 million.** Stripe's fees comprise a one-time implementation cost, plus incremental transaction fees. The actual dollar amount should be considered in the context of enterprise merchants generating hundreds of millions to billions of dollars in annual revenue.
- **Internal effort totaling \$60,000.** Internal effort is composed of people hours spent on initial implementation as well as ongoing management of Stripe. The initial implementation took three full-time equivalents (FTEs) two months to complete. Ongoing management of the Stripe platform and relationship requires five hours per month.

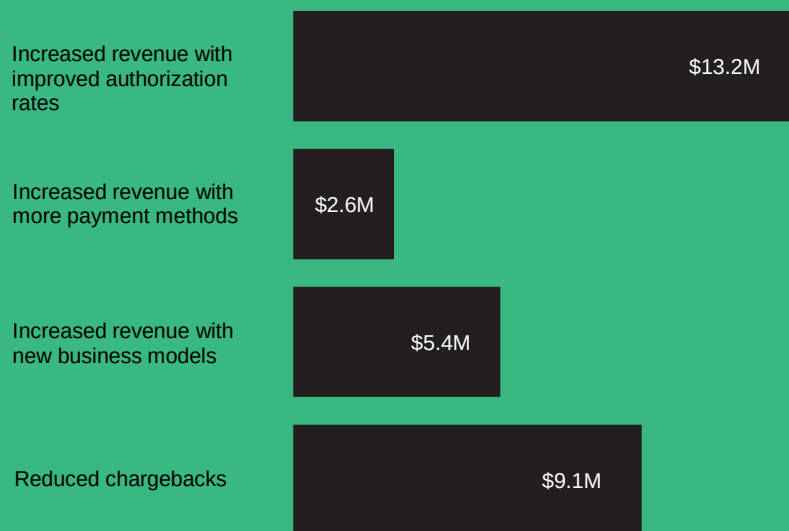
The representative interviews and financial analysis found that a composite organization experiences benefits of \$30.41 million over three years versus costs of \$7.14 million, adding up to a net present value (NPV) of \$23.27 million and an ROI of 326%.

“With Stripe, we were able to make many changes that collectively improved our authorization rates by five percentage points. Improved data analytics and machine learning contributed to achieving this.”

*Head of treasury and procurement,
information technology*



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 Stripe.

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 Stripe can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Stripe 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 Stripe.

Stripe 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.

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



DUE DILIGENCE

Interviewed Stripe stakeholders and Forrester analysts to gather data relative to Stripe.



INTERVIEWS

Interviewed six representatives at four organizations using Stripe to 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 interviewees.



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 Stripe Customer Journey

■ Drivers leading to the Stripe investment

Interviews				
Role	Industry	Region	Annual Revenue	Stripe Products Used
Head of treasury and procurement	Information technology	HQ in Australia, global operations	\$2 billion	Payments, Radar, Adaptive Acceptance
Product owner	Education	HQ in UK, global operations	\$150 million	Payments, Billing
Head of technology solutions	Food	Europe	\$650 million	Payments, Radar, Sigma
Principal engineer	Apparel	US national	\$500 million	Payments
Global customer finance excellence director	Apparel	US national	\$500 million	Payments
Process excellence managers	Apparel	US national	\$500 million	Payments

KEY CHALLENGES

Before adopting Stripe, interviewees' organizations had multiple payment gateways and other standalone systems and processors that were not meeting their needs. The interviewees noted how their organizations struggled with common challenges, including:

- **Performance issues due to outdated infrastructure, leading to poor customer experiences and lost revenues.** Interviewees consistently said that the incumbent systems that Stripe replaced suffered from periods of performance degradation and unplanned outages. This had many negative implications for the business, including lost revenues from customers who did not come back to purchase or pay later, lower customer satisfaction, and brand reputation damage.
- **Lack of flexibility with systems in place.** Business models and customer expectations are always changing, and this was accelerated during the COVID-19 closures. Interviewees said that previously used solutions limited their ability to innovate (e.g., facilitating contactless payments and delivery) and that the time to

implement necessary changes would take too long and be too costly.

- **Insufficient visibility into payment-related issues, buyer behaviors, and new business opportunities.** Data and analytics drive the most successful businesses today. Payment-related data is an important source of insight into buyers' intentions, sales performance of products and services, and new opportunities. Interviewees said that their prior solutions made it difficult to gather, analyze, and report on the data, limiting their ability to create meaningful insights to improve their businesses.

“With Stripe’s analytics solutions, we can do better analytics around buyer demographics and journeys. This helps us improve customer experiences and results in more sales.”

Head of technology solutions, food

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Modernize their payments and financial infrastructure with unified products that included billing capabilities.
- Create flexibility and resilience in their payments' environment with high levels of automation.
- Provide a centralized system with high visibility into data reporting and insights.

organization has 30,000 employees and \$1 billion in annual revenues, coming from both B2C and B2B sales conducted through marketplace, distribution, and subscription channels. The average value of a transaction with the organization is \$500.

Deployment characteristics. The composite organization adopts the Stripe payment platform and implements the Payments, Billing, and Radar solutions, and adds other solutions, such as Connect, to deliver additional benefits (see [Flexibility](#)). All \$1 billion in annual revenues are processed through Stripe.

“The Stripe account management team went above and beyond in making sure that our implementation met our business needs and that we were up and running successfully. They continually work with us to improve our performance. It has been a very successful partnership.”

Head of treasury and procurement, information technology

Key Assumptions

- \$1 billion annual revenue
- \$500 average transaction value
- 12.5% net margin
- Using Payments, Billing, and Radar

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 four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a CPG company headquartered in North America with global operations. The

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	Increased revenue with improved authorization rates	\$5,312,500	\$5,312,500	\$5,312,500	\$15,937,500	\$13,211,401
Btr	Increased revenue with more payment methods	\$1,062,500	\$1,062,500	\$1,062,500	\$3,187,500	\$2,642,280
Ctr	Increased revenue with new business models	\$1,126,250	\$2,252,500	\$3,378,750	\$6,757,500	\$5,423,939
Dtr	Reduced chargebacks	\$3,640,040	\$3,676,080	\$3,712,120	\$11,028,240	\$9,136,181
	Total benefits (risk-adjusted)	\$11,141,290	\$12,303,580	\$13,465,870	\$36,910,740	\$30,413,801

INCREASED REVENUE WITH IMPROVED AUTHORIZATION RATES

Evidence and data. Stripe solutions increased authorization rates in many ways, including retrying failed transactions with different data configurations to increase likelihood of approval, doing more in-country payment processing, and giving companies tools and data to improve the customer purchasing process. For example, machine learning-based features, including Adaptive Acceptance and Smart Retries, intelligently retried transactions, increasing businesses' revenue. Automated card updates also reduced declines for businesses while minimizing friction for their customers. Interviewees shared the following examples of how authorization rates have improved:

- The head of treasury and procurement at the information technology organization saw their authorization rates increase from a range of 85% to 90% up to 95%. This was accomplished through more local processing and making payment system changes based on data analytics and machine learning.
- The head of technology solutions at the food organization noted their customer purchase

conversion rate increased from 50% to 76%, largely driven by improved authorization rates.

Modeling and assumptions. For the composite organization, Forrester assumes:

- The average transaction value (ATV) is \$500.
- With Stripe, the increase in authorization rates is 5% across the three years of the study.
- There is a 12.5% company net margin applied. This is done to calculate bottom-line benefits to the composite organization.

“Automatically updating stored credit card information has made a big difference in transactions completing properly and with little disruption to our customers.”

Head of technology solutions, food

Risks. The following factors may impact other organizations' realization of this benefit category:

- Previous optimization efforts and the use of other solutions to optimize authorization rates.
- The type of products/services sold and the countries in which transactions are completed.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$13.2 million.

Increased Revenue With Improved Authorization Rates					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Baseline revenues using Stripe	Composite	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
A2	Number of transactions	A1/\$500 ATV	2,000,000	2,000,000	2,000,000
A3	Increase in authorization approval rate	Interviews	5.0%	5.0%	5.0%
A4	Additional transactions approved with Stripe	A2*A3	100,000	100,000	100,000
A5	Incremental revenue	A4*\$500 ATV	\$50,000,000	\$50,000,000	\$50,000,000
A6	Average net margin	Composite	12.5%	12.5%	12.5%
At	Increased revenue with improved authorization rates	A5*A6	\$6,250,000	\$6,250,000	\$6,250,000
	Risk adjustment	↓15%			
Atr	Increased revenue with improved authorization rates (risk-adjusted)		\$5,625,000	\$5,625,000	\$5,625,000
Three-year total: \$15,937,500			Three-year present value: \$13,211,401		

INCREASED REVENUE WITH MORE PAYMENT METHODS

Evidence and data. Customers increasingly prefer choice in how they make purchases and the payment methods they use. Some customers will look for another seller if their preferred payment method is not accepted. This is especially important in countries where a specific payment method is the norm but not one the seller accepts in their home market. Another possible benefit of accepting more payment methods in the B2B space is moving customers to lower-cost methods, such as an automated clearing house (ACH). Interviewees shared the following examples

of how they benefit from accepting more payment methods:

- The product owner at the education organization reported 5% of all transactions were completed with regionally specific alternative payment methods.
- The head of technology solutions at the food organization said that accepting Apple Pay was important because many of their customers were purchasing using an iPhone.
- A representative from the apparel company, which used Stripe for B2B transactions, moved

60% of all transactions from credit card to ACH. This saved the organization a significant amount in transaction fees.

Modeling and assumptions. For the composite organization, Forrester assumes:

- Five percent of all purchases are completed using non-card payment methods like market-specific bank transfer, digital wallets, or “buy now, pay later” programs.
- Of these transactions, 80% would have been completed using another payment method, such as credit or debit cards. Therefore, 20% of the revenues are considered truly incremental.
- The same 12.5% net margin is applied.

“Being able to add more payment options with Stripe has increased our conversion rates.”

Product owner, education organization

Risks. Less customer desire to use payment methods other than credit and debit cards can affect other organizations’ realization of this benefit category. This can vary based on industry vertical and customer demographics, as well as the geographies in which a company conducts business.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$2.6 million.

Increased Revenue With More Payment Methods

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total alternative payment transactions	A2*5%	100,000	100,000	100,000
B2	Transactions transferrable to another accepted payment method	B1*80%	80,000	80,000	80,000
B3	Incremental revenue	(B1-B2)*\$500 ATV	\$10,000,000	\$10,000,000	\$10,000,000
B4	Average net margin	Composite	12.5%	12.5%	12.5%
Bt	Increased revenue with more payment methods	B3*B4	\$1,250,000	\$1,250,000	\$1,250,000
	Risk adjustment	↓15%			
Btr	Increased revenue with more payment methods (risk-adjusted)		\$1,062,500	\$1,062,500	\$1,062,500
Three-year total: \$3,187,500			Three-year present value: \$2,642,280		

INCREASED REVENUE WITH NEW BUSINESS MODELS

Evidence and data. Flexibility in payment and financial systems, processes, and models was an important enabler of successfully launching new business models and initiatives. Flexible systems

took many different forms, including subscriptions, international expansion, installment payment models on higher-value products and services, customer delivery and pickup options, and so on. These could all contribute to increased revenues. Additionally, adding these new business models was a necessary strategic move for organizations to stay ahead of

competitive pressures and secure market share. Speed of launch was also critical, as seen in how many companies were forced to pivot their business models during the COVID-19 pandemic. Interviewees shared examples of the many ways Stripe has helped them quickly and effectively launch these new business models:

- All interviewees noted their organizations have either expanded or plan to expand into new countries. They said that Stripe's international expertise and footprint make expansion successful.
- The product owner at the education organization launched new subscription models with the help of Stripe.
- The head of technology solutions at the food organization introduced new ordering models, such as home delivery and order-to-table and has seen upwards of a 15% increase in average order values for transactions completed via these new digital channels.

- A representative from the apparel company implemented Stripe as part of a large project to reimagine the customer experience.

Modeling and assumptions. For the composite organization, Forrester assumes:

- Revenues increase by 1% in Year 1, 2% in Year 2, and 3% in Year 3 as additional business models are rolled out and existing ones improve.
- The same 12.5% net margin is applied.

Risks. The following factors may impact other organizations' realization of this benefit category:

- Extent to which new business models are implemented.
- Ability to launch new business models based on Stripe's added capabilities and flexibility.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$5.4 million.

Increased Revenue With New Business Models					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total revenues (original)	A1+A5+B3	\$1,060,000,000	\$1,060,000,000	\$1,060,000,000
C2	Increase in revenues from new business models	Y1: C1*1% Y2: C1*2% Y3: C1*3%	\$10,600,000	\$21,200,000	\$31,800,000
C3	Average net margin	Composite	12.5%	12.5%	12.5%
Ct	Increased revenue with new business models	C2*C3	\$1,325,000	\$2,650,000	\$3,975,000
	Risk adjustment	↓ 15%			
Ctr	Increased revenue with new business models (risk-adjusted)		\$1,126,250	\$2,252,500	\$3,378,750
Three-year total: \$6,757,500			Three-year present value: \$5,423,939		

REDUCED CHARGEBACKS

Evidence and data. Fraud and the resulting chargebacks were a big concern for interviewees that accepted credit cards and/or selling online. Stripe's payment processing solutions, fraud-specific tools such as Radar, and the general data insight capabilities all reduced chargebacks. Interviewees shared the following examples of how they have reduced fraud and chargebacks:

- The head of treasury and procurement at the information technology organization previously dealt with a large number of card testing events. These were almost completely eliminated since moving to Stripe, thanks to the use of machine learning (ML) to ingest card and device signals and quickly block card testing attacks with little to no false positives.
- The head of technology solutions at the food organization had a 1.5% chargeback rate. After implementing Stripe's fraud prevention tool, Radar, it was reduced to 0.4%. This saved them approximately \$5 million in chargebacks.
- A representative from the apparel company discovered potential chargebacks faster with Stripe compared to their prior environment in which they had to wait for banks to notify them. This advance notice allowed them to suspend a customer account before more risky transactions were completed.

"Stripe's uptime is amazingly high."

Product owner, education

"From a banking perspective, Stripe dashboards have made it easier to reconcile payments. If a payment is returned or a customer says they don't recognize a transaction, we automatically block the account so there is no risk of additional fraudulent transactions."

Principal engineer, apparel

Modeling and assumptions. For the composite organization, Forrester assumes:

- Chargebacks represented 50 basis points of the total revenue prior to implementing Stripe.
- With Stripe, there is an 80% reduction in chargebacks via ML-ingesting card and device signals to quickly block card testing attacks.
- No net-margin adjustment is applied since chargebacks represent money leaving the composite organization.

Risks. The following factors may impact other organizations' realization of this benefit category:

- The volume of chargebacks experienced prior to Stripe.
- The antifraud efforts and solutions previously in place.
- The industry and type of product/service sold.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$9.1 million.

Reduced Chargebacks					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Total revenues	(A1+A5+B3+C2)	\$1,070,600,000	\$1,081,200,000	\$1,091,800,000
D2	Baseline chargebacks	D1*50	\$5,353,000	\$5,406,000	\$5,459,000
Dt	Reduced chargebacks	D2*80%	\$4,282,400	\$4,324,800	\$4,367,200
	Risk adjustment	↓ 15%			
Dtr	Reduced chargebacks (risk-adjusted)		\$3,640,040	\$3,676,080	\$3,712,120
Three-year total: \$11,028,240			Three-year present value: \$9,136,181		

UNQUANTIFIED BENEFITS

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

- **Increased customer satisfaction.** Improving payment experiences delivered higher customer satisfaction, which resulted in higher customer retention and lifetime value. Interviewees said that, after Stripe implementation, their new payment processes removed customer friction. Stripe also improved other payment-related activities that affected customer satisfaction, such as speeding up refunding.

“We are spending less time and money now managing our payment solutions, despite the increase in scope. Before there were a lot of manual activities that took 20 hours per week. Now it requires maybe 1 hour per week. So, that is a one-half FTE time savings.”

Head of technology solutions, food

“Ninety-five percent of our transactions process completely smoothly and are automated. That improves customer satisfaction. Our products are very sticky, so happier customers at the beginning are very important to us.”

Head of treasury and procurement, information technology

- **Improved payment solution uptime and performance.** Stripe’s integrated solutions stack provided uptime and performance better than many of the solutions interviewees previously used or considered. This increased reliability delivered revenue assurance, contributed to increased customer satisfaction, and saved the IT and payment teams time troubleshooting issues.
- **Reduced effort on payment processing activities.** The ongoing management of Stripe is upwards of 90% less compared to other payment

solutions interviewees used or considered. The total time savings was even greater when consolidating from multiple payment solution providers. Additionally, Stripe's integrations, reporting, and analytics reduced the effort for other teams, such as accounts receivable and treasury.

- **Improved insights.** Stripe provided analytics tools as well as access to the underlying transaction data to speed up and improve data analytics. This delivered insights across a wide range of areas, including sales analysis, process improvement opportunities, increasing authorization rates, reducing fraud, and making recommendations based on previous purchase behaviors. Some of the interviewees' organizations used the AI and ML capabilities within Stripe for additional insights.

“Our business has a great need for quick data analysis. We are using Stripe for data mining and pushing out reports so that people can make better decisions.”

Product owner, education

- **Improved security, compliance, and fraud protection.** Stripe included many solution components to improve security and compliance and reduce fraud. Some of the compliance efforts that interviewees said improved included the Sarbanes-Oxley Act (SOX), Payment Card Industry (PCI) Standard, Strong Customer Authentication under EU Revised Directive on Payment Services (PSD2 SCA), and Know Your Customer (KYC). With regards to security,

interviewees said that centralizing more of their payments stack simplified their entire security posture and that features, such as tokenization, made operations more secure because they did not hold any customer payment information. All of this also contributed to less fraud, as discussed in the reduced chargebacks quantified benefit.

“We use Stripe’s tokenization capability, which means we don’t hold any personal data such as bank account information. Our previous solution had security flaws, which was a headache, and also meant that some prospective customers were uncomfortable working with us.”

Principal engineer, apparel

FLEXIBILITY

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

- **Adding on additional Stripe solutions.** The Stripe platform consists of approximately 20 solutions, each delivering a different set of benefits. Interviewees either evaluated or were in the process of implementing other solutions. Some of the prospective solutions interviewees mentioned included Terminal for in-store POS purchases and Connect for marketplace third-party transactions. Forrester has conducted a separate TEI study on Connect.
- **Expanding business segments with Stripe.** Some companies may initially implement Stripe

for a particular business unit, geography, or product/solution range. Expanding with a broader rollout later will result in the benefits being applicable to a greater portion of the business's revenue streams.

- **Improving ongoing payment operations and performance.** Interviewees' organizations were constantly working to improve their payment processes as well as increase authorization rates and reduce fraud rates. This involved ongoing analytics work, A/B testing, and experimenting with how they could benefit from Stripe. All of these optimizations added incremental value to what was realized through the original implementation.

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

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	Stripe fees	\$157,500	\$2,762,021	\$2,786,062	\$2,810,102	\$8,515,685	\$7,082,230
Ftr	Internal effort	\$52,500	\$3,024	\$3,024	\$3,024	\$61,572	\$60,020
	Total costs (risk-adjusted)	\$210,000	\$2,765,045	\$2,789,086	\$2,813,126	\$8,577,257	\$7,142,250

STRIPE FEES

Stripe fees consist of standard payments processing fees that are priced per transaction. In addition, businesses added on professional services to support implementation work as well as solutions fees for additional products, such as Stripe Billing.

Modeling and assumptions. For the composite organization, Forrester assumes:

- There is a one-time implementation fee of \$150,000 for the two-month implementation.
- Stripe fees vary based on solution components used, the volume and value of transactions Stripe processes, product/service type, and industry. The fees in the financial model are based on the composite organization. The reader is

encouraged to work with a Stripe account manager to understand their fees.

Risks. The following factors may impact other organizations' realization of this cost category:

- An increased need for integration services due to complex deployments or a lack of in-house resources.
- The volume and type of payments processed by Stripe and the solution components being used.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$7.1 million.

Stripe Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Implementation fee	Interviews	\$150,000			
E2	Additional transaction fees	Composite		\$2,630,496	\$2,653,392	\$2,676,288
Et	Stripe fees	E1+E2	\$150,000	\$2,630,496	\$2,653,392	\$2,676,288
	Risk adjustment	↑5%				
Etr	Stripe fees (risk-adjusted)		\$157,500	\$2,762,021	\$2,786,062	\$2,810,102
Three-year total: \$8,515,685			Three-year present value: \$7,082,230			

INTERNAL EFFORT

All interviewees said that the internal effort required to implement and manage Stripe is low compared to other payment solutions they previously used or considered. Implementation efforts included standing up Stripe, integrating into other systems, such as inventory management and general ledger, and designing and testing user experiences. Ongoing management for keep-the-lights-on activities were negligible.

Modeling and assumptions. For the composite organization, Forrester assumes:

- The organization dedicates three FTEs to initial implementation for two months' time.
- Five hours per month are spent managing Stripe.

- The average fully burdened annual cost (including salary, payroll taxes, and benefits) of an FTE is \$100,000 or \$48 per hour.

Risks. Internal effort costs could vary based on:

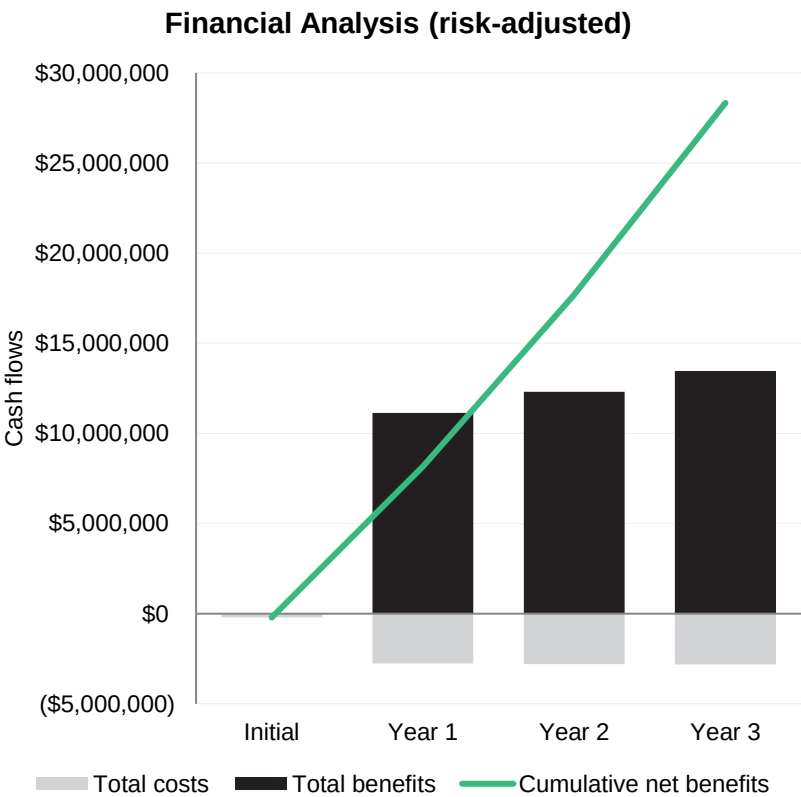
- Higher implementation and ongoing management effort.
- Higher fully burdened cost for resources working with the Stripe solution.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$60,000.

Internal Effort						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Initial implementation	3 FTEs*2 months*\$8,333 per month	\$50,000			
F2	Ongoing management	1 FTE*60 hours per year*\$48 per hour		\$2,880	\$2,880	\$2,880
Ft	Internal effort	F1+F2	\$50,000	\$2,880	\$2,880	\$2,880
	Risk adjustment	↑5%				
Ftr	Internal effort (risk-adjusted)		\$52,500	\$3,024	\$3,024	\$3,024
Three-year total: \$61,572			Three-year present value: \$60,020			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



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

These risk-adjusted ROI and NPV 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	(\$210,000)	(\$2,765,045)	(\$2,789,086)	(\$2,813,126)	(\$8,577,257)	(\$7,142,250)
Total benefits	\$0	\$11,141,290	\$12,303,580	\$13,465,870	\$36,910,740	\$30,413,801
Net benefits	(\$210,000)	\$8,710,129	\$9,848,386	\$10,986,638	\$29,335,154	\$24,101,886
ROI						326%

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 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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