

FORRESTER®

# The Total Economic Impact™ Of Diligent Board & Leadership Collaboration

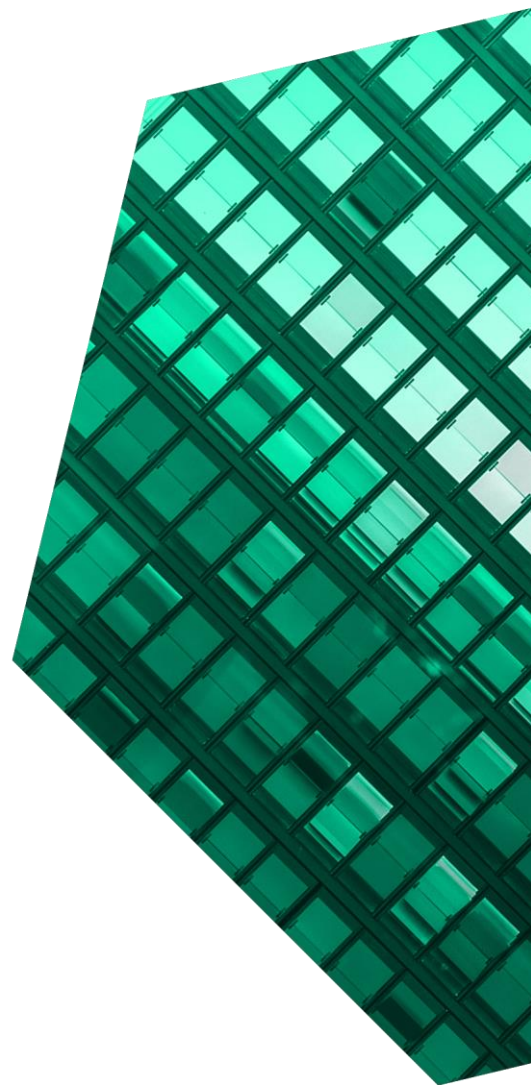
Cost Savings And Business Benefits  
Enabled By Board & Leadership Collaboration

**JULY 2022**

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## ABOUT FORRESTER CONSULTING

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## Executive Summary

The ability to access, share, and discuss confidential information quickly and securely is essential for business leaders and the governance professionals supporting them. Forrester interviewed representatives of organizations using Diligent Board Leadership & Collaboration, and they revealed that the solution reduced the risk of confidential material loss over previous technologies, supported better decision-making, and saved their organizations time creating and sharing board and committee materials.

Diligent Board & Leadership Collaboration is a board management software solution that provides a secure environment for creating, managing, and sharing board and committee materials, including board books and meeting minutes. In addition to being a secure portal, the solution offers secure messaging, director and officer (D&O) questionnaires, and industry insights to support business leaders' collaboration and decision-making wherever they are.

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

Percent of boards that find it challenging to secure documents and board materials and control access.

**49%**



Source: "Director's Digital Divide: Boardroom Practices Aren't Keeping Pace With Technology," a commissioned study conducted by Forrester Consulting on behalf of Diligent, October 2018.

### KEY STATISTICS



Return on investment (ROI)  
**18%**



Net present value (NPV)  
**\$29K**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives at four organizations with experience using Board & Leadership Collaboration. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a large multinational company with 10,000 employees and \$5 billion in annual revenue. The composite previously used an alternate third-party board management software.

Interviewees said prior to using Board & Leadership Collaboration, their organizations either used alternate third-party board management software or they created board and committee materials manually and shared them as paper copies and PDFs. However, these prior environments did not address all the organizations' needs, such as the ability to create and update board materials quickly and easily, and for board and committee members to

consistently use this solution instead of requesting printed copies or emails. These limitations led to concerns about material security and difficulties getting materials to directors and committee members in a timely manner.

After the investment in Board & Leadership Collaboration, interviewees found it easier to create and share board and committee materials, and their organizations saw high adoption rates of the technology with their users. Key results from the investment include improved material security due to a reduction in printing and emailing materials, time savings for material creation and distribution, and cost savings from retiring alternate board software with higher resourcing requirements.

Time savings to create and share board and committee materials

**50%-60%**



**KEY FINDINGS**

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

- **Risk reduction from better solution adoption.** Printing and emailing board and committee materials presents risks to organizations, as board books can be lost and emails can be compromised, and the contents tend to be highly sensitive. The composite organization sees reduced requests for printing and emailing board and committee materials through better adoption of Board & Leadership Collaboration compared to its previous board management software, reducing the risk of a breach through lost materials or compromised accounts. The three-year risk reduction benefit for the composite organization is nearly \$21,000.
- **50% to 60% time savings for board and committee material creation.** Preparing and distributing board and committee materials for monthly and quarterly meetings requires substantial effort from governance professionals. Moving to Diligent Board & Leadership Collaboration from alternate board management software results in additional time and effort savings over the composite organization's previous solution, leading to more than \$62,000 in time savings over three years.
- **Time savings for IT administration of board management software.** Diligent Board & Leadership Collaboration allows organizations to nearly or completely eliminate time spent on ongoing IT support activities for board management software because product administrators are able to manage Diligent Board & Leadership Collaboration themselves without needing IT support. By moving from its previous board management software to Diligent Board & Leadership Collaboration, the composite organization saves more than \$15,000 over three years.
- **More than \$88,000 in savings from retiring alternate board management software.** After an overlapped rollout period of Diligent Board & Leadership Collaboration, organizations can retire their previous board management software. For the composite organization, the cost of its previous solution is the same as that for Diligent Board & Leadership Collaboration.

**Unquantified benefits and flexibility.** Qualitative benefits and future flexibility options include:

- **Improved decision-making by board and committee members.** By reducing the time and effort it takes to create and update board and committee materials and by improving user adoption, administrators can share the latest materials with board members faster. This allows executives more time to review materials and have richer conversations in their meetings, leading to better decisions.
- **Partnership with Diligent.** Diligent's expertise in the governance, risk, and compliance (GRC) space provides additional value to organizations, providing opportunities to learn best practices and opportunities for synergies with other GRC products offered by Diligent.
- **Improved board and committee member perception of the business.** Diligent is seen as an industry leader in this space. Interviewees said that by adopting Board & Leadership Collaboration, their organizations demonstrated their commitment to following best governance practices.
- **Securely sharing materials with outside parties.** Interviewees said their organizations found additional flexibility from the Board & Leadership Collaboration's secure portal when they were able to securely share materials with new board members, regulators, and auditors.
- **Improved responsiveness from board and committee members.** Some interviewees said their organization experienced better response rates from board committee members after adopting Board & Leadership Collaboration's secure messenger and D&O questionnaire.
- **Ability to pivot during times of change.** Interviewees said Board & Leadership Collaboration provided the flexibility to keep their board and committee members informed during times of crisis or shifting needs.

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

- **Diligent Board & Leadership Collaboration licensing.** The composite organization pays \$132,000 over three years for its Diligent Board & Leadership Collaboration investment. The exact pricing each organization receives depends on the size of the organization, the package it deploys, and the number of users and administrators.
- **Diligent Board & Leadership Collaboration implementation.** These are internal costs to the organization, and include the time dedicated by IT staff and product administrators to conduct product security reviews, installations, and training. For the composite organization, this adds up to \$12,000.
- **Diligent Board & Leadership Collaboration management.** Once Diligent Board & Leadership Collaboration is deployed, ongoing support and management effort is relatively minimal. Over three years, the composite organization spends \$14,000 on this effort, primarily on account creation and deletion, setting up new boards and committees, and training users and administrators.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$187,000 over three years versus costs of \$158,000, adding up to a net present value (NPV) of \$29,000 and an ROI of 18%.



ROI  
**18%**

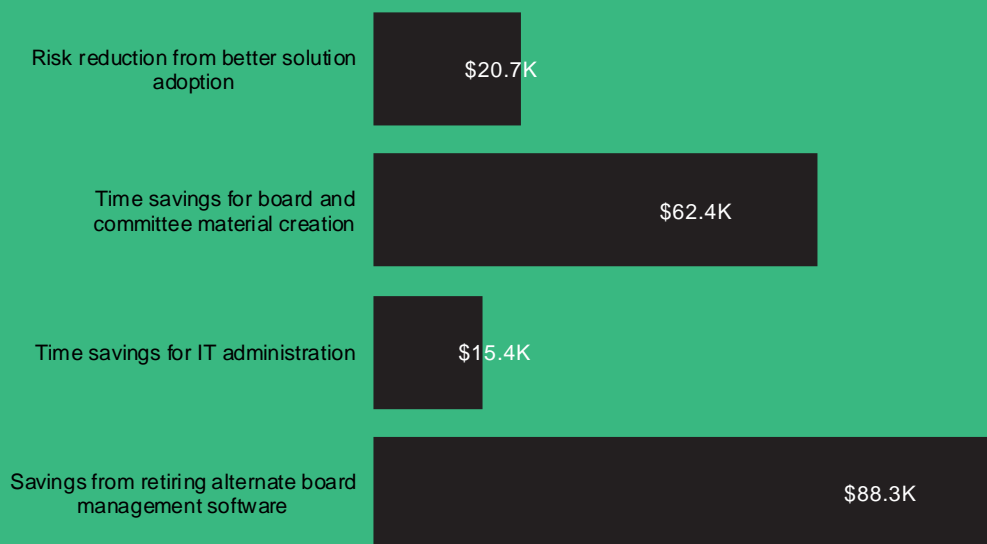


BENEFITS PV  
**\$187K**



NPV  
**\$29K**

### Benefits (Three-Year)



**“[Diligent Board & Leadership Collaboration] allows us to communicate efficiently, accurately, and quickly with our directors and executives, and it’s the only product that has been able to meet all of those needs.”**

— Corporate governance paralegal, utilities

## 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 Board & Leadership Collaboration.

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 Board & Leadership Collaboration can have on an organization.

Forrester Consulting conducted an online survey of 351 cybersecurity leaders at global enterprises in the US, the UK, Canada, Germany, and Australia. Survey participants included managers, directors, VPs, and C-level executives who are responsible for cybersecurity decision-making, operations, and reporting. Questions provided to the participants sought to evaluate leaders' cybersecurity strategies and any breaches that have occurred within their organizations. Respondents opted into the survey via a third-party research panel, which fielded the survey on behalf of Forrester in November 2020.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Diligent 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 Boards.

Diligent 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.

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



### DUE DILIGENCE

Interviewed Diligent stakeholders and Forrester analysts to gather data relative to Board & Leadership Collaboration.



### INTERVIEWS

Interviewed five representatives at four organizations using Board & Leadership Collaboration 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 Diligent Board & Leadership Collaboration Customer Journey

■ Drivers leading to the Board & Leadership Collaboration investment

Interviews			
Role	Industry	Region	Number of board events per year
Senior manager	Financial services	Global	800
Director of corporate governance	Insurance	Global	20
Assistant corporate secretary	Insurance	Global	20
IT manager	Energy	Global	800
Corporate governance paralegal	Utilities	North America	100

## KEY CHALLENGES

Prior to using Diligent Board & Leadership Collaboration, some interviewees' organizations used alternate board management software, but directors and committee members weren't consistently using those solutions and administrators faced challenges with the products. Other organizations created and shared board and committee meeting materials manually, using PDF software and printing binders, emailing files, and uploading to third-party secure document management systems. The process was labor-intensive and presented a variety of logistical and security challenges.

The interviewees noted how their organizations struggled with common challenges, including:

- **Material security.** Interviewees from all organizations shared that board and committee materials and communications contain very sensitive information, and they view the need to print or email materials as a security risk. A senior manager in financial services said, "Sending anything over email or to an external email account is ... stupid and risky." A corporate governance paralegal at a utilities company shared: "You could easily leave a binder [somewhere]. If you're at the airport, you could

forget to pick it up. Any number of scenarios could happen."

- **Time and effort to create and share materials.** Interviewees shared that creating board and committee books and binders is a time-consuming process. For those at organizations coming from a manual process, it was especially difficult to get materials compiled and sent sufficiently in advance of meetings, and last-minute changes required additional time and resources. The corporate governance paralegal from a utilities company shared: "The biggest problem ... is that if someone missed the deadline ... and they're already out the door, now we either need to do a supplemental [or] we would give it to them at the meeting. That doesn't give a director or executive management enough time to review that material." Interviewees from organizations using alternate board management software shared that the material creation process could still prove time-consuming, and that they sometimes faced technical challenges that required additional effort. The senior manager in financial services said: "[With our prior solution,] there would be quirks, we would lose the material if you clicked the wrong button, [and updates could take all night]."

**“Trying to get material out internationally, material that shows up late ... and then trying to get that material out the door accurately ... was very hectic.”**

*Corporate governance paralegal, utilities*

### SOLUTION REQUIREMENTS

The interviewees’ organizations searched for a solution that could:

- **Provide an easy-to-use experience for board and committee members.** Interviewees’ organizations wanted a solution that would be comfortable for administrators to use for building board materials, but also something that board and committee members would find intuitive. The corporate governance paralegal in utilities shared: “We had [Diligent and two competitors] come in, demo the product, and what we found is that Diligent is just an easier-to-use product. It’s more user-friendly. ... The look and feel was very similar to having an electronic binder, and that was one of the selling features for us: the ease of use.”
- **Improve material security.** Whether moving from a manual process or switching to Diligent Board & Leadership Collaboration from other board management software, interviewees’ organizations were concerned about continued or improved material security. The corporate governance paralegal said: “[With Diligent,] you had the material with you at all times, and it was only accessible when you were logged in. So that was one of the selling features for us, and it’s why we continue to expand.”

- **Provide high-quality product support.** Because this product would be used by board and committee members as well as governance professionals creating board materials, interviewees said it was important that their organization’s solution came from a respected brand that would provide good support and partnership. An assistant corporate secretary in insurance said, “[Part of my organization’s decision criteria was] finding a product that was going to be either a flagship product or well-supported by the company.”
- **Complement existing governance solutions.** Two interviewees shared that they were looking for board management software that would build upon the existing governance technologies their organizations already used. A director of corporate governance in insurance said, “We were already using one of [Diligent’s] corporate governance tools, and the hope for the future is the fluidity between all these tools that they have.” They said an important part of their organization’s decision criteria was “[having] the opportunity to have multiple products that all work together.”

**“Diligent was widely known by our existing board of directors ... as a product of choice.”**

*Assistant corporate secretary, insurance*

## 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 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.** This global company with 10,000 employees and \$5 billion in annual revenue is headquartered in the US. The company has 50 members across its board of directors, executive committees, and subcommittees. These boards and committees meet a total of 150 times per year, with books of materials required for each meeting.

**Deployment characteristics.** The composite organization uses Diligent Board & Leadership Collaboration to prepare materials for its 150 meetings. Previously, the composite organization used alternate board management software for material creation and sharing. It deploys Diligent over the course of six months, overlapping with the previous solution. Diligent Board & Leadership Collaboration has 10 administrators and 50 users.

### Key Assumptions

- **\$5 billion annual revenue**
- **10,000 employees**
- **10 administrators**
- **50 users**
- **150 events per year**

# 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	Risk reduction from better solution adoption	\$5,100	\$10,200	\$10,200	\$25,500	\$20,730
Btr	Time savings for board and committee material creation	\$13,770	\$30,294	\$33,048	\$77,112	\$62,384
Ctr	Time savings for IT administration	\$3,780	\$7,560	\$7,560	\$18,900	\$15,364
Dtr	Savings from retiring alternate board management software	\$21,713	\$43,425	\$43,425	\$108,563	\$88,253
	Total benefits (risk-adjusted)	\$44,363	\$91,479	\$94,233	\$230,075	\$186,731

## RISK REDUCTION FROM BETTER SOLUTION ADOPTION

**Evidence and data.** Interviewees shared that a primary motivation for adopting board management software was to reduce the risk of material loss from physical and emailed documents. According to a commissioned study conducted by Forrester Consulting on behalf of Diligent in 2018, 29% of board members reported losing or misplacing a phone, tablet, or computer in the past year, and another 23% reported losing or misplacing paper assets.<sup>2</sup> In that same study, more than 50% of board and committee members said they used personal emails for sensitive communications.<sup>3</sup> Board and committee materials contain highly sensitive data, and a breach of this information would have the potential for significant financial impact to a company.

Interviewees said a high adoption rate for this technology was important to their organizations to reduce the risk associated with sharing these materials with necessary parties. Those coming from organizations with alternate board management software still experienced directors asking for materials outside the secure environments with their previous solutions. They saw improved adoption with

Diligent Board & Leadership Collaboration, reducing or eliminating the need to print and email materials:

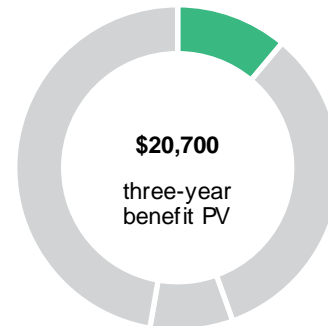
- The assistant corporate secretary at an insurance company said: “[My organization had] a fair number of directors who had full access to [our previous board management software] but [they] would still ask us to print and mail or email them the materials. And today, I can honestly say within the last several board meetings, I haven’t had any directors reach out to get a separate copy of the materials.”
- The senior manager in financial services shared, “[Our previous board management software] was so unfriendly and clunky that it opened itself up to a director saying send me a PDF.” The interviewee estimated 60% of board and committee members asked for PDFs with the previous platform, and less than 10% with Diligent Board & Leadership Collaboration with the goal of getting that number to zero in 2022.
- Interviewees all said Board & Leadership Collaboration is intuitive and easy to use, which contributed to the high adoption rate.

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

- The organization moves from an alternate board management software to Diligent Board & Leadership Collaboration.
- The company experiences an average of 1.7 material breaches per year.<sup>4</sup>
- 1.02 breaches experienced by this organization are due to loss of physical assets or use of stolen credentials.<sup>5</sup> These categories cover the potential loss of board and committee materials that are printed and mailed or emailed.
- Based on the ratio of board and committee members to the total employee population, 0.005 of these breaches can be connected to board and committee member losses.
- A breach of board and committee materials constitutes a catastrophic loss for a company based on the highly confidential nature of the contents. Eight of the 12 largest breaches in recent reports resulted in financial losses of less than or equal to 0.5% of a company’s annual revenue.<sup>6</sup>
- Adoption of Board & Leadership Collaboration in Year 1 reduces printed and emailed materials by 5% due to the overlapped implementation. This increases to 10% in Years 2 and 3.

**Risks.** Risk reduction due to adoption of Diligent Board & Leadership Collaboration may vary based on the following considerations:

- Adoption rate of the previous solution or how many materials were still printed or emailed.
- Adoption rate of Diligent Board & Leadership Collaboration compared to the previous solution.
- Confidentiality of contents of board and committee materials.
- The size and industry of the organization and whether it is subject to additional fines or regulations.
- **Results.** To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$20,700.



Risk Reduction From Better Solution Adoption					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of material breaches experienced annually	Forrester research	1.70	1.70	1.70
A2	Percent of breaches related to loss of physical assets	Forrester research	26.00%	26.00%	26.00%
A3	Percent of breaches related to use of stolen credentials	Forrester research	34.00%	34.00%	34.00%
<b>A4</b>	<b>Annual material breaches due to loss of physical assets or stolen credentials</b>	<b>A1*A2+A1*A3</b>	<b>1.020</b>	<b>1.020</b>	<b>1.020</b>
A5	Board and committee to total employee ratio	Composite	0.50%	0.50%	0.50%
<b>A6</b>	<b>Annual material breaches of board and committee members</b>	<b>A4*A5</b>	<b>0.005</b>	<b>0.005</b>	<b>0.005</b>
A7	Average cost of a mega data breach as percent of annual revenue	CISA	0.50%	0.50%	0.50%
A8	Annual revenue	Composite	\$5,000,000,000	\$5,000,000,000	\$5,000,000,000
A9	Reduction of printed and emailed board and committee materials due to Board & Leadership Collaboration	Composite	5.00%	10.00%	10.00%
At	Risk reduction from better solution adoption	A6*A7*A8*A9	\$6,375	\$12,750	\$12,750
	Risk adjustment	↓20%			
Atr	Risk reduction from better solution adoption (risk-adjusted)		\$5,100	\$10,200	\$10,200
<b>Three-year total: \$25,500</b>			<b>Three-year present value: \$20,730</b>		

### TIME SAVINGS FOR BOARD AND COMMITTEE MATERIAL CREATION

**Evidence and data.** Interviewees from organizations that used alternative board management software said that after adopting Diligent Board & Leadership Collaboration, they were able to create and share board and committee materials faster than they could with their previous solutions. They credited these gains to a better interface and time-saving features offered by Diligent Board & Leadership Collaboration.

- The assistant corporate secretary at an insurance company shared: “It’s definitely a lot easier not building it from scratch. [I just clone] the last one I did, and then I dump all the files in. So, it [previously] took me two days to do it, and now it takes me a day. I maybe cut [the time] in half. ... This was a smooth transition and a smooth

upload now for us [versus with our previous solution].”

- The director of corporate governance at an insurance company shared: “It pulls together a nice board book, and we’re not worrying about it in [third-party PDF editing software]. And if [at the] last minute, someone comes through with a change or you notice a typo, you just have to swap out that one document where before you would have to redo the PDF.”
- The senior manager in financial services shared: “I would say [moving to Board & Leadership Collaboration has] cut 75% of the time of attorneys and paralegals [spend] preparing board materials.” He also said the timeline with Diligent Board & Leadership Collaboration is “a couple of hours to prepare the materials and send them out.”

Interviewees from organizations coming from manual (e.g., emailed or printed and mailed) environments saw even greater time savings.

The corporate governance paralegal said that prior to using Diligent, “crunch time” could require a junior paralegal, senior paralegal, and the general counsel to get materials out on time. But the interviewee said, “I can now do it myself,” and they estimated a 75% to 80% time savings from document upload to review.

Annual time savings to create and share board and committee materials for the composite organization

**600 hours**

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

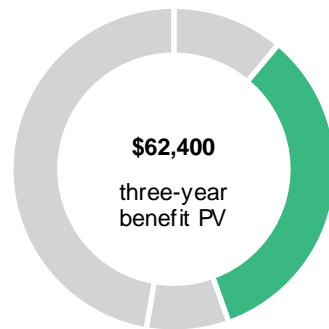
- The organization moves from an alternate board management software to Diligent Board & Leadership Collaboration.
- Across all board and committee materials, it takes an average of 8 hours to create a packet for an event.
- The composite organization has a total of 150 board and committee events per year. These occur at quarterly or monthly intervals for the board of directors, subsidiary boards, executive committees, and subcommittees.
- Board materials are created by governance professionals in the corporate secretary and legal departments with an average fully burdened salary of \$51 per hour.<sup>7</sup>

- Diligent Board & Leadership Collaboration reduces the active time it takes to create and distribute materials by 50% in Year 1, increasing to 55% in Year 2 and to 60% in Year 3 due to increased efficiencies through product familiarity and material cloning.
- This benefit isn’t fully realized in Year 1 until after the six-month overlapped implementation.

**Risks.** Productivity improvements for board and committee material creation may vary, and specific considerations include:

- The functionality and features of current board material creation software used.
- The number of board and committee events and size of material packets created for them.
- The role and seniority of individuals involved in creating board and committee materials.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of over \$62,400.



Time Savings For Board And Committee Material Creation					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Hours spent per event creating board and committee materials	Composite	8	8	8
B2	Number of board and committee events per year	Composite	150	150	150
B3	Percent time saved creating board and committee materials with Board & Leadership Collaboration	Interviews	50%	55%	60%
B4	Hourly average fully burdened salary of governance professional (rounded)	TEI Standard	\$51	\$51	\$51
B5	Diligent Board & Leadership Collaboration implementation plan	Composite	50%	100%	100%
Bt	Time savings for board and committee material creation	$B1*B2*B3*B4*B5$	\$15,300	\$33,660	\$36,720
	Risk adjustment	↓10%			
Btr	Time savings for board and committee material creation (risk-adjusted)		\$13,770	\$30,294	\$33,048
<b>Three-year total: \$77,112</b>			<b>Three-year present value: \$62,384</b>		

### TIME SAVINGS FOR IT ADMINISTRATION

**Evidence and data.** In some instances, previous board management software solutions required IT staff to manage accounts and provide troubleshooting support. This added additional time and complexity to the overall product experience. Interviewees said that after switching to Diligent Board & Leadership Collaboration, IT support was no longer required for ongoing product management.

- The senior manager in financial services said, [In our previous environment, there were] two managers, there were four offshore people, and it would be part of their job and it overcomplicated things.”
- The same interviewee said that after implementing Diligent Board & Leadership Collaboration: “All [IT] support is gone. All support is done in the company by me.”
- Other interviewees shared that IT involvement is minimal or nonexistent with Board & Leadership Collaboration. Admins are generally responsible for creating and deleting accounts, providing

training, and working with Diligent to set up new board portals as needed. The corporate governance paralegal in utilities said: “[System updates] come automatically. They’re not often and they may run in the background. ... but every now and then, it will tell you something is being installed, and it does it when you launch it.”

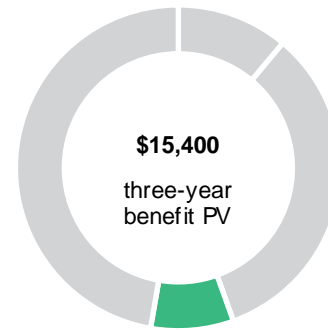
**Modeling and assumptions.** For the composite organization, Forrester assumes:

- The organization moves from an alternate board management software to Diligent Board & Leadership Collaboration.
- Five IT staff members spent 2% of their time on product support and administration for the previous board management software.
- The IT employees supporting this software are two managers and four help-desk technicians with an average fully burdened salary of \$78,750 per year.

- After implementing Board & Leadership Collaboration, IT support is no longer needed for ongoing management.

**Risks.** IT administration time savings may vary, and specific considerations include:

- The level of IT support required for existing board management solutions.
- Preferences and requirements for continued IT involvement in administering Board & Leadership Collaboration.



**Results.** To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$15,400.

Time Savings For IT Administration					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of IT employees managing board software prior to Board & Leadership Collaboration	Composite	6	6	6
C2	Time per employee spent managing software	Composite	2%	2%	2%
C3	Percent management time reduction due to Board & Leadership Collaboration implementation	Interviews	50%	100%	100%
C4	Annual fully burdened average salary (rounded)	TEI Standard	\$78,750	\$78,750	\$78,750
Ct	Time savings for IT administration	C1*C2*C3*C4	\$4,725	\$9,450	\$9,450
	Risk adjustment	↓20%			
Ctr	Time savings for IT administration (risk-adjusted)		\$3,780	\$7,560	\$7,560
<b>Three-year total: \$18,900</b>			<b>Three-year present value: \$15,364</b>		

### SAVINGS FROM RETIRING ALTERNATE BOARD MANAGEMENT SOFTWARE

**Evidence and data.** Interviewees from organizations that migrated from different software said that after implementing Diligent Board & Leadership Collaboration and fully transitioning to the solution, their organizations were able to retire their previous board management software.

- The assistant corporate secretary at an insurance company said, “[Our previous board management software] was pretty comparable to Diligent on a user license-pricing perspective.”
- The corporate governance paralegal in utilities said: [The cost of Diligent Board & Leadership Collaboration] was within the range of other board portals.”

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

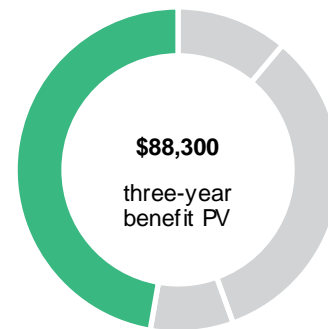
- The organization moves from an alternate board management software to Diligent Board & Leadership Collaboration.
- The cost of the previous board management software is comparable to the cost of Diligent Board & Leadership Collaboration.

- The solutions overlap for six months while Diligent Board & Leadership Collaboration is rolled out.

**Risks.** Cost savings for retiring alternate board software solutions may vary, and specific considerations include:

- The cost of the previous board management software solution.
- The amount of time the solutions overlap.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$88,300.



Savings From Retiring Alternate Board Management Software					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Licensing costs for alternate board management software	Composite	\$48,250	\$48,250	\$48,250
D2	Diligent Board & Leadership Collaboration implementation plan	Composite	50%	100%	100%
Dt	Savings from retiring alternate board management software	D1*D2	\$24,125	\$48,250	\$48,250
	Risk adjustment	↓10%			
Dtr	Savings from retiring alternate board management software (risk-adjusted)		\$21,713	\$43,425	\$43,425
<b>Three-year total: \$108,563</b>			<b>Three-year present value: \$88,253</b>		

## UNQUANTIFIED BENEFITS

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

- **Improved decision-making by board and committee members.** Interviewees shared that Diligent Board & Leadership Collaboration enabled better, faster decision-making for their organizations' board and committee members due to faster access to the latest materials and the ability to preread materials and make notes. In their opinions, this earlier access and better engagement with material enabled better conversations and decisions. The senior manager in financial services said, "Without a doubt, it's a better platform, and it enables us to hold more effective board meetings and make decisions faster."
- **Partnership with Diligent.** Interviewees noted that Diligent's expertise in the governance space has provided additional value and that their governance conferences are especially appreciated. The senior manager in financial services said, "[Diligent's] conferences are great for both networking with other users and figuring out how they're using the platform, but also having accessibility to the people that we're on the phone with a lot."
- **Improved board and committee member perception of the business.** Interviewees shared that Diligent's reputation in the governance space and the product's usability were important to board and committee members. The businesses felt that by adopting this solution, they were demonstrating commitment to the boards' successes and to best practices. The IT manager at an energy company said, "Diligent is clearly the market leader and is invested the most in user experience." The assistant corporate secretary in insurance shared, "It's nice to be viewed as current and signaling to our directors that we're paying

attention to ... the best governance practices and technologies available."

**"The fact it allows for individuals to annotate on it in a secure way, it means that the conversation they have when they come to have their meeting is a much richer engagement."**

*IT manager, energy*

## FLEXIBILITY

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

- **Securely sharing materials with outside parties.** Interviewees found multiple ways to leverage Diligent's secure portal beyond sharing board and committee materials. These include:
  - **Providing pre-induction materials to new board members.** The assistant corporate secretary in insurance said, "We now provide onboarding materials to directors via Diligent in a folder with access limited to the individual director." The senior manager in financial services explained: "We upload all this briefing material to the new leadership member

who's coming in. The same goes for an outside director. We can upload the material onto Diligent Board & Leadership Collaboration, and they now have a secure way to access their pre-employment material."

- **Sharing documentation with regulators and auditors.** The IT manager at an energy company described the "visitor" accounts they've created for "nonemployees." They said: "[People like external auditors] will have visitor access. They have the ability to see the document, but they don't have any other ability to download it or do anything else with it." The corporate governance paralegal at a utility company explained: "Our external auditors would need access to minutes to review them, and that was every quarter. So, we got them a user license and created an environment that is strictly for that purpose for external people."

- **Improved responsiveness from board and committee members.** Diligent Board & Leadership Collaboration offers additional capabilities including D&O questionnaires, a secure messaging tool, and electronic signatures. Some interviewees said their organizations have begun to deploy these capabilities and have experienced improved responsiveness from board and committee members as a result.

The corporate governance paralegal in utilities said: "Before, if I would send an email to their internal email address, you may not get a response for several days. ... With [Diligent Messenger], I'm noticing since we implemented it, we get responses instantly." Similarly, they said, "[Signatures are completed] within a couple of minutes of uploading, because it's so easy and most of our users have Diligent open all the

**"[Diligent Board & Leadership Collaboration] has absolutely positioned us to be able to do...e-consents, e-voting at meetings, distribute secure materials to a new senior leader or director in advance of them joining the company."**

*Senior manager, financial services*

time." The interviewee also noted that assessment participation is nearly 100%, and D&O questionnaires are completed at a much higher rate without needing to be followed up on.

- **Ability to pivot during times of change.** Diligent's security and mobility have allowed interviewees' companies the opportunity to continue sharing information even when the normal course of business is altered. The corporate governance paralegal at a utility company said: "With the [COVID-19] pandemic, we had a lot of special meetings because of the way the environment was changing, keeping [board members] up to date on how we were handling [the pandemic]. If we didn't have Diligent, I would have been in the office building binders."

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	Diligent Board & Leadership Collaboration licensing	\$0	\$53,075	\$53,075	\$53,075	\$159,225	\$131,990
Ftr	Diligent Board & Leadership Collaboration implementation	\$11,863	\$0	\$0	\$0	\$11,863	\$11,863
Gtr	Diligent Board & Leadership Collaboration management	\$0	\$5,610	\$5,610	\$5,610	\$16,830	\$13,951
Total costs (risk-adjusted)		\$11,863	\$58,685	\$58,685	\$58,685	\$187,918	\$157,804

## DILIGENT BOARD & LEADERSHIP COLLABORATION LICENSING

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

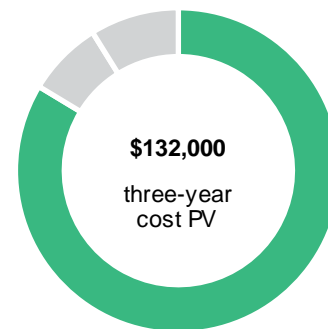
- The composite pays a total cost of \$48,250 per year for licensing.
- Pricing may vary. Contact Diligent for additional details.

**Risks.** Licensing costs of Diligent Board & Leadership Collaboration may vary depending upon:

- The number of administrators and users.
- The size and complexity of the organization.

- The package and functionality deployed.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$132,000.



## Diligent Board & Leadership Collaboration Licensing

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Cost for Diligent Board & Leadership Collaboration	Composite		\$48,250	\$48,250	\$48,250
Et	Diligent Board & Leadership Collaboration licensing	E1	\$0	\$48,250	\$48,250	\$48,250
	Risk adjustment	↑10%				
Etr	Diligent Board & Leadership Collaboration licensing (risk-adjusted)		\$0	\$53,075	\$53,075	\$53,075
<b>Three-year total: \$159,225</b>				<b>Three-year present value: \$131,990</b>		

## DILIGENT BOARD & LEADERSHIP COLLABORATION IMPLEMENTATION

**Evidence and data.** Interviewees noted that the time and effort required for implementing Diligent Board & Leadership Collaboration was minimal. There was some initial effort by IT teams to evaluate and approve the technology and, in some cases, to support installation. Administrators attended training and supported board and committee members in setup and training as well. Interviewees noted that their organizations overlapped their previous solutions and Board & Leadership Collaboration to allow time for setup, training, and troubleshooting.

- The assistant corporate secretary at an insurance company said: “[Implementation was] not particularly time-consuming. It was like having to switch on and switch off.” There was some manual uploading of documents that the organization wanted to add to the system and some individual training. The interviewee said, “IT was involved ... in the security assessments.” The transfer of materials and overall implementation was managed by the assistant corporate secretary and director of corporate governance. The interviewee also said: “[The rollout time was] a quick jump right in. We signed the contract in December, and the first board meeting we used it was the next February meeting.”
- The senior manager in financial services shared: “You decide what you are migrating to Diligent Board & Leadership Collaboration. You then have what’s called a hybrid meeting where the administrators prepare the board materials using [the previous solution] and [Diligent Board & Leadership Collaboration] in order to ensure everyone is comfortable with the solution before switching over entirely.” The interviewee said: “[My organization had] about eight months of an overlap. We did a rollout of it ... until people were comfortable.”

- The corporate governance paralegal at a utility company shared, “Our tech team was ... three individuals who were given the training on how to download it.” The admins underwent about 2 hours of training, and their organization did not need to devote any additional time to gathering documentation or setting up new systems. It had a six-month rollout period for Diligent Board & Leadership Collaboration.
- Multiple interviewees said that setup and training for board and committee members took less than 30 minutes per person.

**“I realized we don’t need a project team for this. We just need to get it done... One word to describe [Diligent Boards & Leadership Collaboration is] simplicity.”**

*Senior manager, financial services*

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

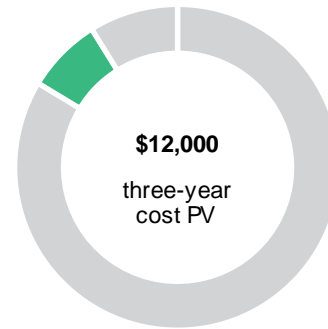
- The 10 administrators spend 20 hours each on implementation. This time includes attending training, creating accounts for board and committee members, helping install the technology on individuals’ laptops and iPads, providing training, and manually migrating recent board and committee materials to Diligent.
- Administrators are governance professionals in the corporate secretary and legal departments with average fully burdened salaries of \$51 per hour.

- Four IT staff members spend 5 hours supporting implementation, including doing safety assessments and initial installations.
- The IT staff members have fully burdened salaries of \$29 per hour.

**Risks.** The internal costs related to implementation and deployment may vary depending on the following factors:

- The number of administrators and users to be trained and added to the system.
- The level of involvement required by IT staff for assessment, training, and support.
- The comfort of users with this type of technology and whether they need additional training.
- The amount of content that needs to be migrated to Diligent Board & Leadership Collaboration.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$12,000.



### Diligent Board & Leadership Collaboration Implementation

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of admins	Composite	10			
F2	Admin training and implementation time (hours)	Interviews	20			
F3	Average fully burdened salary of admin (hourly)	TEI Standard	\$51			
<b>F4</b>	<b>Admin involvement cost</b>	<b>F1*F2*F3</b>	<b>\$10,200</b>			
F5	Number of IT staff	Composite	4			
F6	IT implementation time (hours)	Interviews	5			
F7	Average fully burdened salary of IT staff member (hourly)	TEI Standard	\$29			
<b>F8</b>	<b>IT involvement cost</b>	<b>F5*F6*F7</b>	<b>\$584</b>			
Ft	Implementation	F4+F8	\$10,784	\$0	\$0	\$0
	Risk adjustment	↑10%				
Ftr	Diligent Board & Leadership Collaboration implementation (risk-adjusted)		\$11,863	\$0	\$0	\$0
<b>Three-year total: \$11,863</b>			<b>Three-year present value: \$11,863</b>			

**DILIGENT BOARD & LEADERSHIP COLLABORATION ONGOING MANAGEMENT**

**Evidence and data.** Ongoing administration and management of Diligent Board & Leadership Collaboration outside of actual material creation and sharing primarily requires creating and deprecating accounts and boards or committees, training new users, and attending refresher training for administrators.

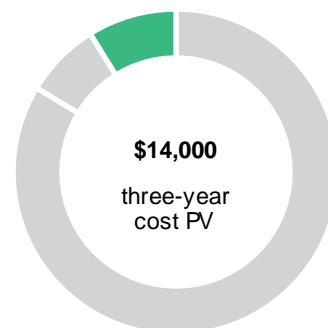
- The corporate governance paralegal in utilities shared, “Training is at will, so if you feel you need additional training, we can get it scheduled. Typically, we try and do a refresh on admin training at least every couple of years.” They also explained: “As far as our users, you typically do that as you come onboard. We’re able to get them up and running in 10 or 15 minutes. It’s like a plug-and-play. As soon as they open it up, they see how it works.” The interviewee said setting up a new user in the system takes 10 minutes, system updates happen automatically, and no additional administration is required.
- The senior manager in financial services said: “[To create new boards within the system,] I have a conversation with the governance attorney. I send a data collection template. They complete and send it back and then I get their accounts set up. I send them out a whole onboarding pack — a welcome to [Board & Leadership Collaboration] email. I then schedule a call with them to do their training, onboarding, and final security setup.” The interviewee said this is normally done over three to four weeks, but that it can be done in as little as 24 to 48 hours by partnering with Diligent. They also said: “[While I offer to provide training,] if you can navigate a PDF, you can navigate [Board & Leadership Collaboration]. And in not a single case has a senior person said, ‘Yes, I want training’ ... It’s that good of a product.”

- The assistant corporate secretary in insurance said: “Just this morning, I sent one of my directors a video on how to access a survey. So, I think training is fairly easy with the resources that Diligent provides, and we haven’t had to use training for the product in a while.”
- **Modeling and assumptions.** For the composite organization, Forrester assumes:
  - The 10 administrators are governance professionals in the corporate secretary and legal departments with average fully burdened salaries of \$51 per hour.
  - Administrators each spend an average of 10 hours per year setting up and deleting accounts, setting up new boards and committees, providing new user training, and attending refresher training.

**Risks.** Internal costs related to ongoing management of Diligent Board & Leadership Collaboration may vary depending on the following factors:

- The number of administrators.
- Administrator turnover or desire or demand for refresher training by administrators.
- The turnover or growth of members and of boards and committees because these will impact setup, deletion, and training requirements.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$14,000.

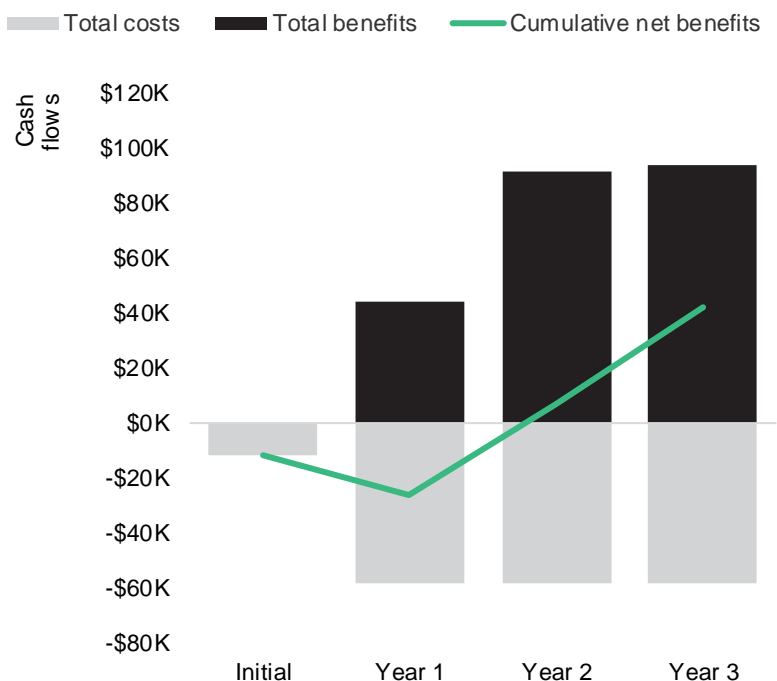


<b>Diligent Board &amp; Leadership Collaboration Ongoing Management</b>						
<b>Ref.</b>	<b>Metric</b>	<b>Source</b>	<b>Initial</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
G1	Total ongoing admin involvement (hours)	Interviews		10	10	10
G2	Number of admins	Composite		10	10	10
G3	Average fully burdened salary (hourly)	TEI Standard		\$51	\$51	\$51
Gt	Diligent Board & Leadership Collaboration ongoing management	G1*G2*G3	\$0	\$5,100	\$5,100	\$5,100
	Risk adjustment	↑10%				
Gtr	Diligent Board & Leadership Collaboration ongoing management (risk-adjusted)		\$0	\$5,610	\$5,610	\$5,610
<b>Three-year total: \$16,830</b>			<b>Three-year present value: \$13,951</b>			

# 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 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	(\$11,863)	(\$58,685)	(\$58,685)	(\$58,685)	(\$187,918)	(\$157,804)
Total benefits	\$0	\$44,363	\$91,479	\$94,233	\$230,075	\$186,731
Net benefits	(\$11,863)	(\$14,323)	\$32,794	\$35,548	\$42,157	\$28,927
ROI						18%

# 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%.

## Appendix B: Endnotes

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<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.

<sup>2</sup> Source: "Director's Digital Divide: Boardroom Practices Aren't Keeping Pace With Technology," a commissioned study conducted by Forrester Consulting on behalf of Diligent, October 2018.

<sup>3</sup> Ibid.

<sup>4</sup> Source: Forrester Consulting Cost Of A Cybersecurity Breach Survey, Q1 2021.

<sup>5</sup> Ibid.

<sup>6</sup> Source: "Cost Of A Cyber Incident: Systematic Review And Cross-Validation," Cybersecurity & Infrastructure Security Agency, October 26, 2020.

<sup>7</sup> Fully burdened salary includes both the direct wages and indirect costs of hiring and employment. Burden rate refers to indirect costs of employment beyond direct compensation, including, but not limited to: hiring costs, training costs, insurance, paid time off, sick leave, expenses, retirement contributions, payroll taxes, and incremental technology and workplace costs for the employee.

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