A Forrester Total Economic Impact™
Study Commissioned By Hanapin
Marketing
March 2018

The Total Economic Impact™ Of Hanapin Marketing PPC Campaign Management Services

Cost Savings And Business Benefits
Enabled By Hanapin's PPC Campaign
Management Services

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ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Benefits And Costs

Increased gross profit from inherited campaign optimizations:
$788,051

Added gross profit from new campaign types:
$516,511

Spend-based management fees:
$265,091

Executive Summary

Hanapin Marketing provides paid search, paid social, shopping, and programmatic campaign management services for clients across many industries, including healthcare, retail, education, and software-as-a-service (SaaS). What differentiates Hanapin, according to its customers, is the emphasis the agency places on managing campaigns to a return on ad spend. Hanapin commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by engaging Hanapin's services. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Hanapin's PPC campaign management services on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers, each with several years of experience using Hanapin's campaign management services. They became acquainted with Hanapin via the company's blog, PPC Hero, and chose to work with Hanapin after an evaluation of several agencies. Several customers initially allocated only a portion of their pay-per-click (PPC) spend to Hanapin. At the same time, they articulated clear goals for performance. Based on positive results, customers progressively allocated more of their total PPC spend — up to 100% — to Hanapin.

Prior to engaging with Hanapin, nearly all of the customers Forrester interviewed had worked with other digital marketing agencies for PPC campaign management. However, they noted that previous agencies of record failed to deliver a positive return on ad spend and generally did not devote a high level of attention to their individual accounts. Despite their dissatisfaction, customers lacked the resources to bring the PPC function in house. One Hanapin customer, which operates in the retail space, noted difficulties in hiring the talent to manage PPC campaigns and that Hanapin has helped to compensate for the lack of talent.

For this TEI study, Forrester created a composite *Organization* to illustrate the benefits and costs associated with an investment in Hanapin's PPC campaign management services. The *Organization* is representative of the Hanapin customers interviewed for this study. Like Hanapin's customers, the *Organization* views digital advertising as critical to its success. It has been engaged with Hanapin for three years and spends more than $1 million annually on PPC advertising. For a more detailed description of the Organization, please see the section titled Composite *Organization*.

Key Findings

Quantified benefits. The *Organization* experienced the following risk-adjusted present value (PV) benefits totaling $1,333,211 over a three-year engagement with Hanapin:

- **Increased gross profit from inherited campaign optimizations ($788,051).** The *Organization* benefited from pre-click and post-click campaign optimizations, which impacted metrics such as click-through rate: The average click-through rate increased from 0.7% to 1.3%. At a 4% conversion rate, the increase in traffic from paid search had a significant impact on overall revenue.

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ROI
343%

Benefits PV
$1.3M

NPV
$1.0M

Payback
<3 months

- **Added gross profit from new campaign types ($516,511).** Based on a recommendation from Hanapin, the *Organization* began utilizing Google Shopping ads. This new ad type produced an average of 420 conversions per month during the first year and 600 conversions per month in the second and third years.
- **Elimination of spend-based fees paid on wasted advertising spend ($28,649).** Through its engagement with Hanapin, the *Organization* eliminated significant waste in its advertising budget. By removing wasted advertising spend, the *Organization* also eliminated the percentage-based fees it paid on that spend.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

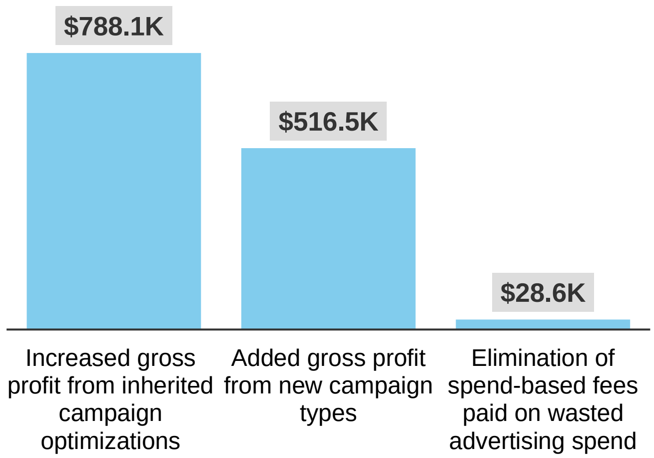
- **Early access to alpha and beta programs.** Because Hanapin works closely with Google, Facebook, and other advertisers, the company can provide customers early access to alpha and beta programs. One customer told Forrester that Hanapin's relationship with Google, in particular, has paid off in the form of new opportunities.
- **A strategic and proactive approach.** The interviewed customers noted that Hanapin took an active approach to managing their accounts, providing strategic recommendations, including changes to existing campaigns. For example, one customer recalled an analysis by Hanapin focused on the impact of shifting advertising spending by time of day.
- **Advertising innovation.** One customer, whose retail business has both an online and offline presence, noted that its collaboration with Hanapin made it possible to innovate and deliver new ad formats. The new ads helped the customer achieve the goal of increasing foot traffic in stores via its PPC advertising efforts.

Costs. The *Organization* experienced the following present value costs totaling $301,137 over a three-year engagement with Hanapin:

- **Spend-based fees for account management, technology, and reporting ($265,091).** This cost category includes an 8% spend-based fee for PPC campaign management as well as a 1% fee for technology and reporting. The fees are calculated with respect to the advertising budget Hanapin manages for the *Organization*.
- **Labor costs to establish and maintain the workflow with Hanapin ($36,046).** This category includes labor costs the *Organization* incurred for the initial knowledge sharing and collaboration required to establish a workflow with Hanapin (40 hours), as well as the labor costs associated with ongoing support of the relationship (5 hours per week).

Forrester's interviews with five existing customers and subsequent financial analysis found that the composite *Organization* experienced benefits of $1,333,211 over three years versus costs of $301,137, adding up to a net present value (NPV) of $1,032,074 and an ROI of 343%.

Benefits (Three-Year)



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of technology services to both senior management and other key business stakeholders.

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering engaging Hanapin Marketing.

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 Hanapin Marketing can have on an organization:

DUE DILIGENCE
Interviewed Hanapin stakeholders and Forrester analysts to gather data relative to Hanapin's PPC campaign management capabilities.

CUSTOMER INTERVIEWS
Interviewed five organizations using Hanapin's PPC campaign management services to obtain data with respect to costs, benefits, and risks.

COMPOSITE *ORGANIZATION*
Designed a composite *Organization* based on characteristics of the interviewed organizations.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling the impact of Hanapin Marketing's PPC campaign management services: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to technology services, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Hanapin Marketing 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 report to determine the appropriateness of an investment in Hanapin Marketing's PPC campaign management services.

Hanapin Marketing 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.

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

The Hanapin Marketing Customer Journey

BEFORE AND AFTER THE PPC CAMPAIGN MANAGEMENT INVESTMENT

Interviewed Organizations

For this study, Forrester conducted five interviews with Hanapin Marketing customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEE	ANNUAL PPC BUDGET
Apparel retail	North America	Senior digital marketing manager	$20M
Education	North America	Marketing director	$6M
Apparel retail	North America	VP, digital	$3M
Education publishing	North America	Senior digital marketing specialist	$1.2M
Healthcare	North America	Assistant vice president of digital engagement	$720K

Key Challenges

Prior to engaging with Hanapin, the customers that Forrester interviewed experienced the following challenges:

- **Lack of personalized attention to account.** Prior to engaging with Hanapin, customer organizations worked with other agencies to execute PPC advertising campaigns. These agencies applied a blanket approach to PPC campaigns and did not develop a customized plan for account success. Performance suffered because the agencies did not understand the specific pain points of the businesses and how PPC fit into broader strategic goals.
- **Failure to deliver a return on ad spend.** At the heart of the customers' issues with agencies of record (AOR) was the failure to generate profitable online traffic. After an audit to assess advertising spending, one organization issued several challenges to its AOR, but it was unable to meet the requirements to keep the account.
- **Difficulty in hiring talent to manage PPC campaigns in-house.** Several customers considered building out their in-house PPC advertising capabilities, but they struggled in a tight labor market to find individuals with the required skills. Meanwhile, senior managers dedicated a significant amount of time each week to mundane tasks such as URL changes.
- **Lack of insight into campaign performance.** With prior agencies of record, the customers were aware of sub-optimal campaign performance, but lacked insight into what was driving results.

"We did some tests with Hanapin at a time when we were debating whether to bring PPC in-house or use an agency. They've been a really valuable part of the growth of our business over the last three years."

VP, digital, apparel company

Key Results

The interviews revealed key results from the PPC campaign management investment, including the following:

› **Optimized campaigns.** Prior to engaging with Hanapin, customers were dissatisfied with agency vendors. Their dissatisfaction stemmed from poorly executed campaigns, which suffered from inefficiencies such as poor keyword structures. At the start of customers' engagements, Hanapin worked to correct many of these inefficiencies and eliminated wasted advertising spend. One customer estimated that revenues increased by 200% to 300% without any increase in the advertising budget. Another customer reported an increase in impression share, with average impression share rising from the 20% to 30% range to the 80% to 90% range.

› **A positive return on ad spend.** One customer, whose organization spends more than $250,000 per month on PPC advertising, told Forrester that the prior agency of record did not manage to a return on ad spend, and that Hanapin's doing so made a dramatic difference. "It's easy to spend dollars on [search marketing] — you bid on terms, you bid on categories," the customer said. "The agency of record was doing nothing more than ensuring that all dollars were spent. Hanapin manages campaigns to be profitable." The customer experienced a 700% increase in revenue from paid search following the start of the engagement with Hanapin.

› **Short ramp-up period.** Customers reported a brief ramp-up and adjustment period at the start of their engagement with Hanapin. Several customers estimated that it took no more than 60 days "to get where [they] wanted to be." One customer did note a subsequent period of 90 days, during which additional fine-tuning took place, but added that fine-tuning is expected and ongoing with PPC campaigns.

› **Less time devoted to reporting and analytics.** Because reporting and analytics are functions assumed by Hanapin, customers noted that they did not have to devote time and resources to these tasks or sacrifice an understanding of why campaigns produced the results they did.

"Hanapin is curious. If they see something that looks off, they'll present it to us. They're not just ticking off hours."

Senior manager, digital marketing, apparel company

"Finding qualified people to run paid search at the level we need to run it is challenging. Hanapin hits the sweet spot. They have built a lot of talent around PPC advertising, and we were able to leverage that during a period of high growth."

VP, digital, apparel company

Composite *Organization*

Based on the interviews, Forrester constructed a TEI framework, a composite *Organization*, and an associated ROI analysis that illustrates the areas financially affected. The composite *Organization* is representative of the five customers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite *Organization* that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The North America-based composite *Organization* has a business-critical focus on improving its ROI for digital advertising PPC spend. In the past five years, it has used PPC-specialized agencies and done some of the work in-house, always suspecting it wasn't realizing PPC's potential for optimum revenue performance. The *Organization* spends more than $1 million annually on PPC advertising and has engaged with Hanapin to manage and execute its PPC campaigns for three years.

Deployment characteristics. The *Organization* generates leads and sells physical products directly to consumers through its website, with an average order value of $100. The website receives approximately 550,000 unique visitors each month, with 6% of this traffic generated through the *Organization's* PPC advertising efforts.

Key assumptions

$1 million initial annual budget for PPC advertising

Average order value of $100

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE *ORGANIZATION*

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased gross profit from inherited campaign optimizations	$288,000	$322,560	$345,600	$956,160	$788,051
Btr	Added gross profit from new campaign types	$163,296	$233,280	$233,280	$629,856	$516,511
Ctr	Elimination of spend-based fees paid on wasted advertising spend	$11,520	$11,520	$11,520	$34,560	$28,649
	Total benefits (risk-adjusted)	$462,816	$567,360	$590,400	$1,620,576	$1,333,211

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $1.3 million.

Increased Gross Profit From Inherited Campaign Optimizations

The interviewed customers observed a significant uptick in campaign performance after Hanapin began managing their campaigns. Previously, campaigns suffered from poor keyword structures and cast too wide a net, according to the customers. One customer reported a nearly 100% increase in click-through rate, with no decline in conversion rate, following pre-click and post-click optimizations made by Hanapin.

Modeling and assumptions. In Year 1, the *Organization* invested an average of $90,000 per month in PPC advertising campaigns and received a total of 2.5 million monthly ad impressions. Campaign optimizations, which improved the click-through rate from 0.7% to 1.3%, drove an additional 15,000 visitors to the *Organization*'s website each month during that first year. At a 4% conversion rate — one consistent with the conversion rate that the *Organization* experienced prior to engaging with Hanapin — the increase in click-through rate contributed $288,000 in incremental revenue to the *Organization*. In subsequent years, impressions rose with ad spend, which in turn drove additional traffic, conversions, and revenue.

Risks. Forrester considered the following potential risks when assigning a risk adjustment to this benefit category:

- Not all customers will achieve similar levels of success with campaign optimization, owing to product type and the competitive environment.
- Not all customers will start from a similar baseline.

To account for these risks, Forrester applied a 20% downward adjustment to this benefit category, yielding a three-year risk-adjusted total PV of $788,051.

The *Organization* experienced an increase in click-through rate of 85%, up from 0.7% to 1.3%.

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Increased Gross Profit From Inherited Campaign Optimizations: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Average number of monthly ad impressions		2,500,000	2,800,000	3,000,000
A2	Click-through rate with previous agency of record		0.7%	0.7%	0.7%
A3	Click-through rate with Hanapin		1.3%	1.3%	1.3%
A4	Total increase in click-throughs	A1*(A3-A2)	15,000	16,800	18,000
A5	Conversion rate		4%	4%	4%
A6	Average order value		$100	$100	$100
A7	Total increase in monthly revenue from increased click-throughs	A4*A5*A6	$60,000	$67,200	$72,000
A8	Average gross margin		50%	50%	50%
At	Increased gross profit from inherited campaign optimizations	A7*A8*12	$360,000	$403,200	$432,000
	Risk adjustment	↓20%			
Atr	Increased gross profit from inherited campaign optimizations (risk-adjusted)		$288,000	$322,560	$345,600

Added Gross Profit From New Campaign Types

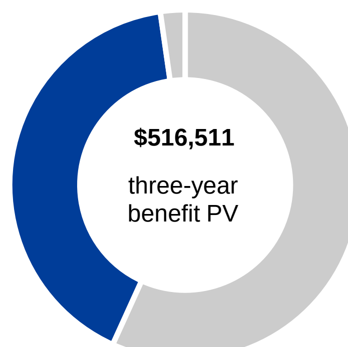
Several customers told Forrester that Hanapin took a proactive approach to managing their account, offering recommendations to improve campaign performance. Examples of recommendations provided to Hanapin's customers include pursuing new advertising products, leveraging new ad formats, and shifting spending based on seasonality and time of day.

Modeling and assumptions. Based on a recommendation from Hanapin, the *Organization* decided to branch out into Google Shopping ads, an initiative that produced an average of 420 conversions per month in the first year and an average of 600 conversions per month in the second and third years. With an average order value of $100, a conversion cost of $19, and a 50% gross profit margin, the new ads contributed an additional $204,120 to gross profit in the first year and $291,600 in the second and third years.

Risks. Forrester considered the following potential risks when assigning a risk adjustment:

› Not all customers will experience such strong initial results.

› Not all customers will achieve similar levels of success with new ad types, owing to product type and the competitive environment.



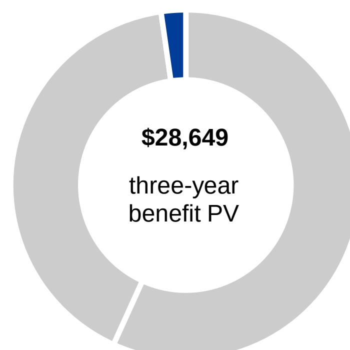
Added gross profit from new campaign types: **39%** of total benefits

To account for these risks, Forrester applied a 20% downward adjustment to this benefit category, yielding a three-year risk-adjusted total PV of $516,511.

Added Gross Profit From New Campaign Types: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Total monthly conversions		420	600	600
B2	Cost per conversion		$19	$19	$19
B3	Average order value		$100	$100	$100
B4	Average increase in monthly revenue from new campaign types	(B1*B3)-(B1*B2)	$34,020	$48,600	$48,600
B5	Average gross margin		50%	50%	50%
Bt	Added gross profit from new campaign types	B4*B5*12	$204,120	$291,600	$291,600
	Risk adjustment	↓20%			
Btr	Added gross profit from new campaign types (risk-adjusted)		$163,296	$233,280	$233,280

Elimination Of Spend-Based Fees Paid On Wasted Advertising Spend



Decrease in spend-based fees: **2%** of total benefits

When campaigns aren't executed well, they result in significant waste. Ultimately, advertisers pay more to achieve the desired outcome. One customer, whose company operates in the apparel retail space, remarked on how easy it is to spend money on search ads without seeing a return and emphasized the need for agencies to manage campaigns for a return on ad spend.

The interviewed customers, citing better management of PPC campaigns, reported a reduction in wasted advertising spend after engaging with Hanapin. As a result, the customers no longer paid the spend-based fees on this wasted spend.

Notably, the *Organization's* overall budget for paid search increased over time, owing to positive performance as well as its ability to reinvest funds that were previously wasted on inefficient campaigns.

Modeling assumptions. Prior to engaging with Hanapin, the composite *Organization* lost $15,000 per month to wasted advertising. To make matters worse, it also paid fees on this waste to its agency of record. Given an 8% spend-based fee for campaign management, the elimination of wasted advertising spend resulted in average monthly savings on campaign management fees of $1,200.

Risks. Forrester considered the following potential risks when assigning a risk adjustment:

- Not all customers will experience or be able to eliminate similar levels of wasted advertising spending.
- Some customers may experience lower fees with other agencies, and the increase in spend-based fees with Hanapin will offset savings.

To account for these risks, Forrester applied a 20% downward adjustment to this benefit category, yielding a three-year risk-adjusted total PV of $28,649.

Elimination Of Spend-Based Fees Paid On Wasted Advertising Spend: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Average monthly wasted advertising spend with previous agency of record		$15,000	$15,000	$15,000
C2	Spend-based fee for PPC campaign management		8%	8%	8%
C3	Average monthly savings on spend-based fees paid on wasted advertising spend	C1*C2	$1,200	$1,200	$1,200
Ct	Elimination of spend-based fees paid on wasted advertising spend	C3*12	$14,400	$14,400	$14,400
	Risk adjustment	↓20%			
Ctr	Elimination of spend-based fees paid on wasted advertising spend (risk-adjusted)		$11,520	$11,520	$11,520

Unquantified Benefits

The interviewed customers experienced the following benefits, which were not quantified for this study:

- **Early access to alpha and beta programs.** By leveraging its relationships with major publishers and search engines, Hanapin can provide customers with early access to alpha and beta programs. One customer said that Hanapin's relationship with Google, in particular, has paid off over time. Hanapin recommended several beta test opportunities, through which it identified ways to increase targeted ad spend to increase the customer's return on investment in paid search.
- **A strategic and proactive approach.** One customer told Forrester that Hanapin assessed the potential impact of shifting resources to other opportunities (e.g., other keywords), as well as adjusting bids by time of day. While the customer expects that changes made based on these analyses will have a significant impact on revenue, the customer has not yet attempted to quantify it. The same customer noted that Hanapin discovered several out-of-date landing pages, which no longer featured the product that was bringing visitors to the site via PPC ads. Adjusting these pages helped to capture additional conversions.

Shifting bids by time of day will have a significant impact on revenue, according to one Hanapin customer.

› **Advertising innovation.** One customer, whose apparel retail operations include an online presence and approximately 500 regional storefronts, wanted to leverage its PPC budget to grow in-store traffic. The customer told Forrester that Hanapin was instrumental in delivering new features and functionality, such as the ability to display real-time, in-store availability of products in display ads.

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are several scenarios in which a customer might engage Hanapin's PPC campaign management services and later realize additional benefits and business opportunities, including:

› **Broader digital marketing services.** Though most customers initially engage with Hanapin for its expertise in PPC campaign management, the company offers a broader portfolio of digital marketing services, including conversion rate optimization (CRO) and web development, as well as social and email marketing. Many customers currently develop these functions in-house but, through their existing relationship with Hanapin, could augment staff capabilities with additional Hanapin services.

› **Ad testing and iteration.** Alongside normal PPC campaign management activities, Hanapin can conduct small tests to explore other opportunities. One customer views ad testing as a big opportunity and hopes to get to the point where, via recommendations from Hanapin, it is changing ad copy on a frequent basis.

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

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE *ORGANIZATION*

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	Spend-based fees for management, technology, and reporting	$0	$97,200	$106,920	$117,612	$321,732	$265,091
Etr	Staffing costs to establish and maintain workflow with Hanapin	$2,100	$13,650	$13,650	$13,650	$43,050	$36,046
	Total costs (risk-adjusted)	$2,100	$110,850	$120,570	$131,262	$364,782	$301,137

Spend-Based Fees For Account Management, Technology, and Reporting

Hanapin charges its clients a spend-based fee for its PPC campaign management services, as well as a separate spend-based fee for technology and reporting.

Typically, account management fees range from 8% to 14% of total PPC advertising spend, while technology and reporting fees range from 1% to 2% of total spend. Estimates of fees for both account management and technology and reporting were provided by Hanapin and confirmed by Forrester during interviews with Hanapin's customers.

In Year 1, the *Organization* spent an average of $90,000 each month, or $1.1 million for the year, on PPC advertising. Each year, total advertising spend increased by 10%, owing to positive campaign performance and the identification of new opportunities. For account management, the *Organization* pays Hanapin a fee equal to 8% of its monthly PPC advertising budget. Additionally, it pays a fee equal to 1% of total advertising spend for technology and reporting.

Forrester did not risk-adjust fees for account management and technology as these were fixed quotes from Hanapin. With a 0% risk adjustment, three-year fees for account management, technology, and reporting total $265,091 in PV.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of $301,137.

Spend-Based Fees For Account Management, Technology, And Reporting: Calculation Table

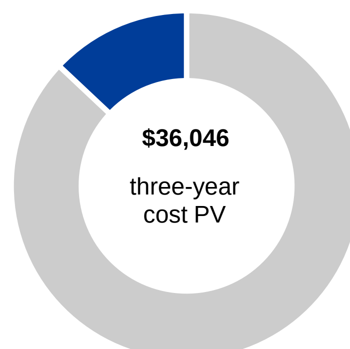
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
D1	Average monthly PPC advertising spend			$90,000	$99,000	$108,900
D2	Percentage of spend for management			8%	8%	8%
D3	Monthly management fees	D1*D2		$7,200	$7,920	$8,712
D4	Percentage of spend for technology and reporting			1%	1%	1%
D5	Monthly management fees	D1*D4		$900	$990	$1,089
Dt	Spend-based fees for management, technology, and reporting	(D3+D5)*12	$0	$97,200	$106,920	$117,612
	Risk adjustment	0%				
Dtr	Spend-based fees for management, technology, and reporting (risk-adjusted)		$0	$97,200	$106,920	$117,612

Staffing Costs To Establish And Maintain Workflow With Hanapin

One of the primary benefits of outsourcing a function like PPC campaign management to an outside agency is the reduced burden on internal resources. All of the customers Forrester interviewed said that the time committed to establishing and maintaining the workflow with Hanapin was minimal. However, each customer devoted some time early on for knowledge transfer and establishing a workflow, and most dedicate 2 to 5 hours each week for the management of the PPC function, including managing the relationship with Hanapin.

At the start of the engagement with Hanapin, the *Organization* devoted 40 hours of a digital marketing specialist's time to knowledge transfer and establishing a workflow. Following the initial period, the same employee devoted 5 hours per week, or 260 hours per year, to the PPC campaign management function.

Forrester risk-adjusted the cost of account management fees upward by only 5% as there was little variation in the time commitment required by the customer organizations. This adjustment yielded a three-year PV total cost of $36,046.



Staffing costs to establish and maintain workflow with Hanapin: **12%** of total costs

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Staffing Costs To Establish And Maintain Workflow With Hanapin: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Initial establishment of workflow with Hanapin	Hours	40	0	0	0
E2	Ongoing maintenance of workflow with Hanapin	Hours	0	260	260	260
E3	Staffing cost per hour		$50	$50	$50	$50
Et	Staffing costs to establish and maintain workflow with Hanapin	(E1*E3)+ (E2*E3)	$2,000	$13,000	$13,000	$13,000
	Risk adjustment	↑5%				
Etr	Staffing costs to establish and maintain workflow with Hanapin (risk-adjusted)		$2,100	$13,650	$13,650	$13,650

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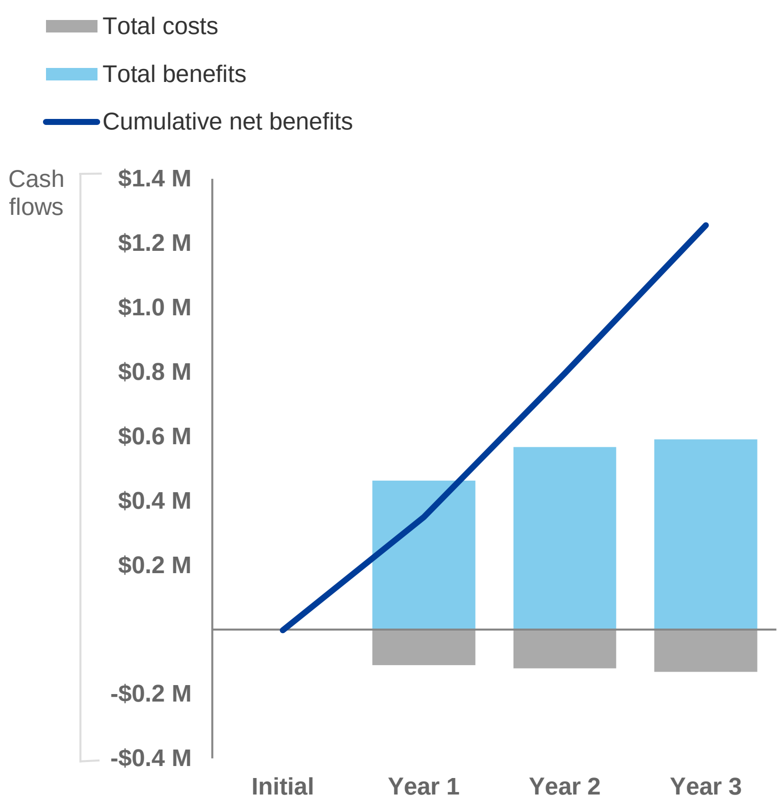
Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($2,100)	($110,850)	($120,570)	($131,262)	($364,782)	($301,137)
Total benefits	$0	$462,816	$567,360	$590,400	$1,620,576	$1,333,211
Net benefits	($2,100)	$351,966	$446,790	$459,138	$1,255,794	$1,032,074
ROI						343%
Payback period						Less than 3 months

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Hanapin Marketing PPC Campaign Management: Overview

The following information is provided by Hanapin Marketing. Forrester has not validated any claims and does not endorse Hanapin Marketing or its offerings.

Hanapin drives incremental profit for clients with an approach called "RTLS." It stands for research, test, learn, scale — and it involves structured processes for ad testing, conversion rate optimization, bidding, technology partner selection, and keyword management. All this helps Hanapin put the right ads in front of your in-market customers.

Marketing departments want performance, guidance, quick turnaround on projects, and data-driven insights. To deliver on this, Hanapin lives by a "we vs. I" mentality. This is demonstrated in Hanapin's team-of-teams approach. Clients receive accessible account managers aligned by geography, assigned specialists, and executive-level oversight.

Full management

Brands need performance and insights at scale. Hanapin's teams-of-teams approach to PPC accounts, along with hiring 25% ahead of need, allows Hanapin to align its experts with its clients' needs, including dedicating resources by geography and product category. Having a structured approach — RTLS — enables reliable testing and insights. No one will know your business as well as you do, but Hanapin will know it better than any other agency.

In-house partnership

Hanapin's in-house partnership program allows in-house teams to have the flexibility, multi-account experience, and cross-industry intelligence of an agency all for the cost of hiring one additional person and with no long-term commitment. Hanapin's retainer service also provides some production work; however, the key benefit is unlimited analysis, insight, and strategy to help your business stay ahead of the curve when dealing with the complexities of modern PPC.

Technology stack

Hanapin is not tool agnostic. Hanapin believes there is a right tool based on needs, budget, and complexity.

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.