

The Total Economic Impact™ Of Atlassian Cloud For Large Global Retailers

In May 2021, Forrester completed a Total Economic Impact™ (TEI) study of [Jira Software and Confluence on Atlassian Cloud](#).¹ The composite financial model built in the study included feedback and experiences from four customers that range from large global retailers with decades of corporate history to small technology providers that can be classified as digital natives. The TEI of Atlassian Cloud, prior state challenges, and largest areas of gain for these larger companies with longer histories slightly differ from that of younger, smaller digital natives.

Deploying Jira Software and Confluence on Atlassian Cloud provides organizations with similar benefits of those applications while also gaining benefits of a software-as-a-service (SaaS) solution, including scalability, consistency and quality in upgrades, and avoidance in hardware and maintenance costs.

For customer interviewees from large global enterprises, there are three main differentiators in the benefits that they experienced versus those of the smaller digital natives with shorter histories that were interviewed for the TEI study:

- Atlassian Cloud played a key role in digital transformations which included components related to deploying agile practices and a cloud-first strategy.
- For productivity benefits, stronger focus on reduction of customization development and maintenance rather than reducing issues related to Jira Software and Confluence.
- Scaled up benefits related to infrastructure and maintenance cost avoidance include sizeable ancillary investment avoidances in related



Return on investment (ROI)
155%



Net present value (NPV)
\$1.09M

backup, disaster recovery, and load balancing solutions.

KEY CHALLENGES

Large global enterprise customers struggled with common challenges including:

- **Too many customizations.** Customizations are not intrinsically “bad,” but in the case of the large enterprise interviewees, customizations created silos. This not only meant a low efficiency rate in leveraging existing capabilities, but also meant a materially diverged application experience across teams. This led to both unfamiliarity when resources worked on different teams and significant time and effort to maintain and upgrade customizations.
- **Continued digital transformation and evolution towards cloud first.** A common characteristic of large global enterprises with long histories is the need to modernize. As these



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companies with long histories evolve from a world without computers to a world where companies can anticipate and suggest shirts and pants that fit a consumer based on their personality and season, the fuel for that evolution comes from a continued digital transformation. With age comes a lot of old habits, and interviewees highlighted the need to leverage new development methodologies and a cloud-first strategy to build new habits.

- **Upcoming hardware refresh.** As part of the digital transformation roadmap, some hardware refresh cycles will invariably create a decision point for buy versus build. For larger enterprises, the decision factor not only focuses on server and maintenance, but also includes ancillary components like backup, disaster recovery, security, bandwidth, and load balancing.

“There will always be laggards who complain about something, but reality is that 90% of those complaints were gone once we moved to Atlassian Cloud.”

Head of cybersecurity, regional technology company

INVESTMENT DRIVERS

The interviewed organizations searched for a solution that could:

- Align and accelerate their adoption of a cloud-first strategy and agile methodology.
- Provide relief for infrastructure-related issues and refresh cost avoidance.
- Require minimal change management and training for the user base.

After evaluating several options and testing Atlassian Cloud, organizations developed their business cases. Each chose Atlassian Cloud because it:

- Provided a logical next step in cloud migration for on-prem tools that have been used and liked by the user base.
- Showed a reasonable return and breakeven based primarily on total cost of ownership (TCO).
- Projected an even higher return when coupled with estimated productivity benefits related to reducing issues and ability to replace customizations with new, built-in functionality.

KEY RESULTS

The TEI study’s composite model features three quantified benefits listed below with three-year risk-adjusted present values. Additionally, there are three primary differentiators for large global enterprises to keep in mind.

Benefit: Cloud productivity (\$1,140,036).

- The adoption of Atlassian Cloud is part of a larger digital transformation that puts cloud solutions and agile at the forefront for interviewed customers. Two goals were often discussed as part of deploying Atlassian Cloud. Customizations to Jira Software were pain points for the on-premises deployment as they took time and effort to develop, update, and maintain — from functionality to security. Migrating to the cloud creates a sort of “reset” and brings all 100 product teams back to a shared standard and avoids more than 4 FTEs for customization maintenance time and effort. This first goal typically holds a greater importance for larger organizations that have longer histories and budgets to accommodate complex and high volumes of customizations.
- In recent years, and especially during periods with heavier work-from-home (WFH) activity,

customers also noticed that its on-premises deployments of Jira Software and Confluence were not very stable or reliable. Users were submitting around 45 tickets per month, and issues ranged from slow speeds, permissions, a customization not working or requiring updates, or some type of VPN issue. One customer highlighted a 90% reduction in related tickets after deploying Atlassian Cloud.

Benefit: Cloud cost avoidance in hardware and maintenance (\$240,505).

- A primary expected benefit in cloud migration is the avoidance of having to buy or own hardware and the recurring cost to maintain and upgrade it. The composite model accounts for a hardware refresh cost avoidance in Year 1 and recurring maintenance cost avoidance each year thereafter.

Benefit: Cloud cost avoidance in software (\$413,439).

- Decision-makers often forget to include the cost of prior-state software as a benefit. As organizations adopt new cloud software, they can reasonably expect to decommission the prior state, on-premises software and related add-ons. The composite model accounts for decommissioning Jira Software server and Confluence server costs as well as related add-ons and plugins.

Global enterprise differentiator: Focus on reducing complexity and customizations within the larger cloud productivity benefit.

- The reduction of time, effort, and investment in developing and maintaining customizations is one of the largest benefits in the financial model. For one interviewee that had over 100 customizations, Atlassian Cloud's deployment gave the organization an opportunity to start with a clean slate and lean on default Atlassian Cloud features and functions that reasonably replaced

some functionalities that customizations brought. Although reduction of customizations is the largest productivity benefit, large enterprises should also keep in mind that smaller companies have also found material benefit in reducing total volume of tickets related to Atlassian each month and resolution time for those tickets. These tickets typically center on a customization that needs to be updated, a feature request, or a VPN issue. With the deployment of Atlassian Cloud, organizations saw a 90% reduction in ticket volume and 38% reduction in resolution time.

Global enterprise differentiator: Digital transformations drive cloud deployments for non-digital natives.

- Global enterprise interviewees have long histories dating to eras before cloud deployments were an option. Deploying Atlassian Cloud hit two main goals. First, it allowed development teams to more effectively adopt agile and scrum, which were key components in digital transformation roadmaps. Second, it allowed technology leaders to continue shifting away from “keeping the lights on” or “fighting fires” modes and truly focus on development, testing, and working with business users.

Global enterprise differentiator: Scale is not only about larger benefit values but also more benefit categories.

- Large enterprises will typically experience most of the benefits that smaller companies experience, and at a larger scale. In addition, large enterprises also experience further benefit categories that are out of reach for smaller companies. For this study's large global retailers, their infrastructure cost avoidance was not only larger because of more servers and more maintenance effort, but also certain backup, disaster recovery, load balancing, and security components that small companies did not need to invest in.

TOTAL ECONOMIC IMPACT ANALYSIS

For more information, download the full study: “The Total Economic Impact™ Of Atlassian Cloud,” a commissioned study conducted by Forrester Consulting on behalf of Atlassian, May 2021.

STUDY FINDINGS

Forrester interviewed four organizations with experience using the Cloud and combined the results into a three-year composite organization financial analysis. Risk-adjusted present value (PV) quantified benefits include:

- Cloud productivity enabled by the reduction of tickets, resolution workload, and customization maintenance.
- Cloud cost avoidance in hardware and maintenance enabled by refresh cycle and related maintenance avoided.
- Cloud cost avoidance in software enabled by decommissioning licenses for Jira Software server, Confluence server, and other add-ons, plug-ins, and related or overlapping software.



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Appendix A: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DISCLOSURES

The reader should be aware of the following:

- The study is commissioned by Atlassian and delivered by Forrester Consulting. It is not meant to be 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 Atlassian Cloud.
- Atlassian reviewed and provided feedback to Forrester. 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.
- Atlassian provided the customer names for the interviews but did not participate in the interviews.

ABOUT TEI

Total Economic Impact™ (TEI) 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. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility.

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