

The Total Economic Impact™ Of Sumo Logic

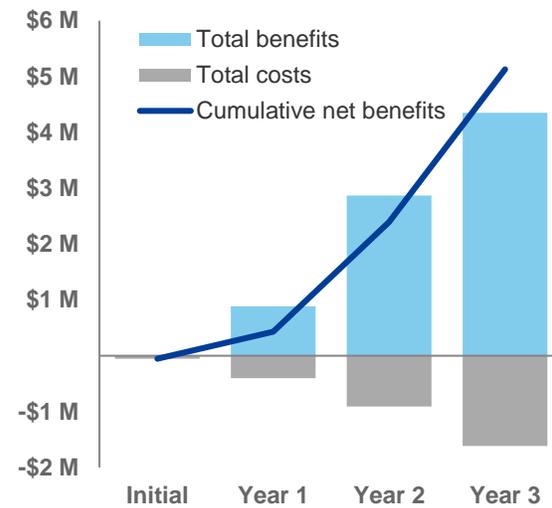
Sumo Logic is a machine data (log, metrics, events) analytics suite that enables customers to improve operations and security of hybrid and cloud-based applications. Sumo Logic commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying their solution.

Forrester Consulting interviewed four customers to examine Sumo Logic's impact for operations and security use cases. These customers provide a range of B2B and B2C services and utilize either cloud or hybrid architecture. All interviewees implemented Sumo Logic in a phased deployment, monitoring development, testing, and production environments within three years. They used Sumo Logic for a variety of tasks: identifying operations issues and security threats; conducting root-cause analysis; automating issue response; gaining visibility into system health; and even discovering business insights about tools and users. Customers achieved fast time-to-value, flexibility, and scale due to Sumo Logic's cloud-native software-as-a-service (SaaS) solution.

Through these customer interviews and data aggregation, Forrester concluded that Sumo Logic had the following three-year financial impact for the composite organization: \$6,447,239 in benefits versus costs of \$2,382,724, resulting in a net present value (NPV) of \$4,064,515 and an ROI of 171%.

This summary is based on a full TEI study, which can be downloaded at <https://www.sumologic.com/resource/white-paper/forrester-tei-report/>.

Financial Analysis (Three-Year)



Quantified And Unquantified Benefits Of Sumo Logic

IMPACT	COST AVOIDANCE	BUSINESS GROWTH
DevOps Monitoring and troubleshooting	<ul style="list-style-type: none"> › Reduce manual work to identify and repair issues in development, test, and production environments. › Reduce customer support and maintenance costs. › Reduce lost employee productivity due to downtime. › Eliminate legacy solutions. 	<ul style="list-style-type: none"> › Deliver better user and customer experience, improve retention, and increase in incremental revenue by reducing the impact of issues. › Design new/better products with user and tool analytics. › Embrace microservices and containerization to increase business agility and speed.
SecOps Security and compliance	<ul style="list-style-type: none"> › Reduce manual work to identify and resolve security threats. › Reduce manual effort during security audits. › Reduce risk of breaches. › Eliminate legacy solutions. 	<ul style="list-style-type: none"> › Increase B2B sales by achieving and defending security certifications, such as PCI and ISO 27001.



ROI
171%



Benefits PV
\$6.4 million



Costs PV
\$2.4 million



NPV
\$4.1 million



Payback
<6 months

Customer Journey

Forrester interviewed four Sumo Logic customers for this study and synthesized a composite organization representative of their experiences. These organizations turned to Sumo Logic to monitor their hybrid and cloud environments, with the ease and scalability of a SaaS tool. They sought to reduce the mean-time-to-identify and -repair issues for development operations (DevOps) and security operations (SecOps) teams, while also enforcing and demonstrating compliance.

INDUSTRY	INTERVIEWEE	INFRASTRUCTURE	SUMO LOGIC DEPLOYMENT
Call center technology	Sr. DevOps engineer	100% cloud 100 to 200 microservices	Deployed on all applications for development, testing, and operations.
Publisher/eCommerce	Site reliability manager	90% cloud 150 applications 50 microservices	Deployed on critical customer-facing applications for development, operations, and security.
Cloud software	VP of engineering	100% cloud 8 applications 25 to 50 microservices	Deployed on all applications for development, operations, and security.
Supply chain technology	Sr. director of security	60% cloud 5 applications	Deployed on all applications for development, operations, and security.



Composite organization:
 B2C enterprise
 \$500M in revenue
 2,000 employees
 100% cloud environment
 40 customer-facing apps
 10 critical internal apps
 50 noncritical internal apps

Deployment:
 Operations, development, and security use cases for 20 apps in Year 1, 50 apps in Year 2, and 100 apps in Year 3, reaching 1 terabyte in daily log ingest.

Investment Benefits

Over three years, the composite organization expects risk-adjusted total benefits to be a PV of \$6.4 million based on the following benefit categories:

- › Recaptured DevOps member productivity of \$1.4M for minor issues and \$1.1M for critical issues by slashing mean-time-to-identify and -repair issues.
- › Increased customer-facing and internal application availability protected gross profits of \$817K and recaptured \$936K in employee productivity.
- › Faster issue resolution avoided negative customer experiences, thereby decreasing the quantity of customer support inquiries by 12% to save \$829K.
- › Recaptured SecOps member productivity of \$645K by identifying and repairing security threats significantly faster.
- › Reduced vulnerability to security breaches by 81% by identifying and eliminating threats faster, avoiding \$313K in financial risk.
- › Streamlined internal auditing to save \$11K in SecOps member productivity.
- › Avoided \$334K by decommissioning an alternative open source log aggregation solution and reallocating an associated systems administrator.

Customers also experienced additional benefits that were not quantified in this study:

- › Improved user experience and product strategy from analyzing customer behavior and product performance with Sumo Logic.
- › Increased sales by demonstrating security strength via certifications.
- › Reduced development costs and product maintenance by identifying and repairing issues during development and QA.
- › Reduced number of critical incidents by identifying and repairing issues before they spun out of control and severely impacted users.
- › Sumo Logic helped organizations to implement microservices and containerized architectures, and allowed for democratization of issue identification and resolution.

“We identify issues so much sooner than we did before Sumo Logic. It’s ridiculous how much more powerful and responsive we are.”

Sr. director of security, supply chain technology



“Without a log analytics solution like Sumo Logic, the mean-time-to-resolve issues would be exponentially longer.”

VP of engineering, cloud software



Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Reduced labor to resolve minor issues	\$201,215	\$518,103	\$1,067,315	\$1,786,632	\$1,412,996
Btr	Reduced labor to resolve critical issues	\$163,568	\$421,168	\$867,623	\$1,452,359	\$1,148,629
Ctr	Profit from increased customer-facing app availability	\$179,790	\$395,550	\$435,090	\$1,010,430	\$817,236
Dtr	Recaptured employee productivity from increased internal app availability	\$0	\$584,955	\$602,438	\$1,187,393	\$936,054
Etr	Reduced customer support inquiries	\$204,000	\$408,000	\$408,000	\$1,020,000	\$829,181
Ftr	Reduced labor to resolve potential security threats	\$0	\$271,620	\$559,480	\$831,100	\$644,825
Gtr	Reduced financial risk of security breaches	\$0	\$135,608	\$267,908	\$403,515	\$313,355
Htr	Reduced labor to comply with internal audits	\$3,310	\$4,613	\$5,784	\$13,707	\$11,167
Itr	Cost avoidance of alternative log aggregation solution	\$136,000	\$131,325	\$135,265	\$402,590	\$333,796
	Total benefits (risk-adjusted)	\$887,883	\$2,870,941	\$4,348,901	\$8,107,726	\$6,447,239

Investment Costs

Over three years, the composite organization expects risk-adjusted total costs to be a PV of \$2.4 million. These costs scale as Sumo Logic is rolled out to additional applications, and include the annual license, professional services for implementation, and internal labor for implementation, systems administration, and training.

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Jtr	Sumo Logic costs	\$31,500	\$378,000	\$850,500	\$1,512,000	\$2,772,000	\$2,214,017
Ktr	Internal labor for PoC and implementation	\$19,040	\$0	\$0	\$0	\$19,040	\$19,040
Ltr	Internal labor for user training	\$2,726	\$15,448	\$39,777	\$78,327	\$136,278	\$108,492
Mtr	Internal labor for system administration	\$476	\$10,154	\$16,423	\$23,818	\$50,871	\$41,175
	Total costs (risk-adjusted)	\$53,742	\$403,603	\$906,700	\$1,614,145	\$2,978,189	\$2,382,724

This document is an abridged version of a case study commissioned by Sumo Logic, titled: "The Total Economic Impact Of Sumo Logic, February 2018." The full study can be downloaded at <https://www.sumologic.com/resource/white-paper/forrester-tei-report/>.

Forrester's Total Economic Impact™ (TEI) framework identifies the cost, benefit, flexibility, and risk factors that affect investment decisions. Forrester took a multistep approach to evaluate the Sumo Logic's impact, including interviews with Forrester analysts, Sumo Logic stakeholders, and four current Sumo Logic customers. Forrester constructed a composite organization and aggregate financial analysis based on the interviewees, and risk-adjusted the financial model to account for uncertainties in estimates.

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