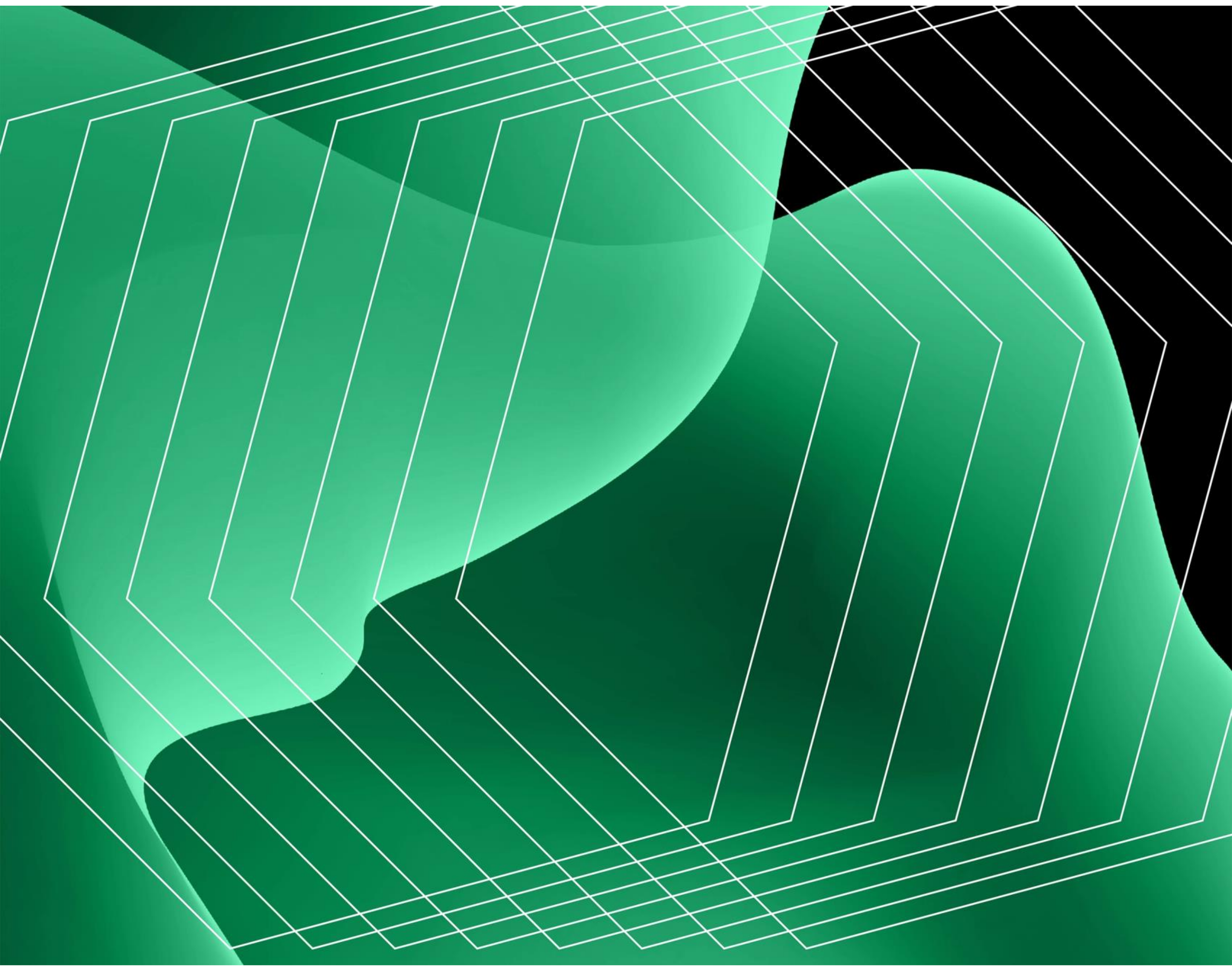
FORRESTER

The Total Economic Impact™ Of Rithum Managed Marketplaces

Cost Savings And Business Benefits Enabled By Managed Marketplaces, A Commerce Solution For Brands And Suppliers By Rithum

A FORRESTER TOTAL ECONOMIC IMPACT STUDY
COMMISSIONED BY RITHUM, MARCH 2024



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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

Executive Summary

Marketplaces are a rapid-growth channel in an otherwise anemic retail landscape. Seventy-seven percent of brand decision-makers say that online marketplaces are growing faster than their organization's traditional wholesale business.[1] Consumers want omnichannel purchasing options and brands need to manage multiple marketplaces without sacrificing profitability. By adopting Rithum Managed Marketplaces, brands can focus on enhancing multichannel presence, streamlining operations, and driving profitable revenue growth.

Rithum Managed Marketplaces, formerly known as ChannelAdvisor Managed Marketplaces, enables businesses to connect their product listings, inventories, and order management systems with leading online global marketplaces such as Amazon, eBay, Walmart, and more.[2] These integrations facilitate centralized control and near real-time updates across multiple platforms, allowing for efficient management and synchronization of product data. This is an important capability for brands because the channels through which buyers shop are fragmenting, and the pace of e-commerce change is rapid. There is always a new emerging program or channel, and brands need the ability to integrate and adapt quickly.

Rithum commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Rithum Managed Marketplaces. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Rithum on their organizations.[3]

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience working with Rithum. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization, which is a high-volume brand with $2.5 billion in companywide annual revenues and a growing marketplace business.

Prior to investing in Rithum Managed Marketplaces, their organizations struggled to effectively manage their presence across online marketplaces and channels, leading to inconsistent customer experiences and missed sales opportunities.

After the investment, the interviewees' organizations scaled their marketplace footprints and drove operating efficiencies.

Return on investment (ROI):
191%

Net present value (NPV):
$2.17M

Payback:
<6 months

Benefits PV:
$3.30M

KEY FINDINGS

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

- **Increased speed of scaling to new marketplaces by 50%.** The reduction of the average time to market for implementing a new marketplace from 24 weeks to 12 weeks allows the composite to save time and reach consumers more quickly. Each avoided week of marketplace implementation efforts saves the organization more than $14,000 in labor costs. Over three years and the implementation of seven new marketplaces, the faster time to market is worth $893,000 to the composite organization.
- **Year-over-year GMV and profit growth.** Using Rithum commerce solutions allows the composite organization to reach buyers in their channels of choice, improve its Amazon Featured Offer win percentage, use reporting and analytics to make better decisions, and protect its margins, which helps drive GMV growth without sacrificing profit. The

composite realizes 60%, 33%, and 25% year-over-year GMV growth in the first three years of the investment compared to a 10% organic growth rate in its prior environment. When attributing 50% of the growth to the Rithum investment and applying a 10% profit margin, the additional GMV is worth $175,000 in additional profit to the composite organization.

- **Technical labor savings of 600 hours per marketplace per year.** Using the channel management solution enables a single-to-many connection that relieves technical resources from managing multiple unique marketplace integrations. The normalized data integrations helps the composite respond to requirement changes more readily, and the standardization of the integrations reduces the time to resolve break-fix issues. Over three years and a maximum of eight marketplaces, the technical labor savings are worth $1.7 million to the composite organization.
- **Up to 85% efficiency improvement for marketplace management.** Because Rithum offers a holistic approach to managing various marketplace aspects that simplify operational complexities, this allows the composite's marketplace team to avoid manual tasks like updating catalogs, sharing order status updates, updating product feeds, and conducting inventory management. The efficiencies of scale lead to efficiency gains of up to 80% for the marketplace team and offset the costs of nearly six additional headcount. Over three years, the additional efficiencies are worth $562,000 to the composite organization.

> "I want to make my [organization's] marketplace operations as efficient as possible. That's why we work with Rithum."
>
> DIRECTOR OF INNOVATION AND PRODUCT, OFFICE EQUIPMENT

> "For us, [the Rithum investment] is justifiable because of the efficiencies of scale and the analytics and insights that we're gaining. It would require a significant investment on our end in personnel management and in execution to do without Rithum. It also allows us to focus more on strategy versus the operational aspects of running marketplaces."
>
> VICE PRESIDENT OF OMNICHANNEL, FASHION RETAIL

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- Working with Rithum on the roadmap for adding marketplaces onto the platform.
- Receiving advice and guidance from Rithum as part of the managed service.
- Gaining more visibility into two common marketplace challenges: channel conflict with traditional retail and grey-market concerns.

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

- **Rithum Managed Marketplaces subscription costs totaling $420,000 over three years.** Subscription fees for Rithum are based on the percentage of the organization's estimated GMV.

- **Initial implementation costs totaling $283,000.** The composite organization pays a one-time implementation fee to Rithum for integration with the platform. In addition, 11 internal business and technical resources participate in the initial implementation of Rithum including the implementation of a primary marketplace.
- **Marketplace expansion and ongoing management costs totaling $430,000 over three years.** As the composite organization adds additional marketplaces, it incurs internal labor costs for integrating those marketplaces. Four internal business resources dedicate 50% of their time to adding new marketplaces and to the ongoing optimization of the marketplace program.

The representative interviews and financial analysis found that a composite organization experiences benefits of $3.30 million over three years versus costs of $1.13 million, adding up to a net present value (NPV) of $2.17 million and an ROI of 191%.

> "We've been able to take a marketplace business from $9 million to $127 million over four years. I'd say the ROI on this investment is high — probably higher than most will ever see in their careers."
>
> VICE PRESIDENT OF OMNICHANNEL, FASHION RETAIL

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 Rithum.

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 Rithum can have on an organization.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by Rithum 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 Rithum.

Rithum 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.

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

Due Diligence
Interviewed Rithum stakeholders and Forrester analysts to gather data relative to Rithum's solutions.

Interviews
Interviewed four representatives at organizations using Rithum Managed Marketplaces to obtain data about 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 Rithum Managed Marketplaces Customer Journey

Drivers leading to the Rithum investment

Interviews

Role	Industry	Region	Size
Director of innovation and product	Office equipment	Headquarters: US Operations: Global	Revenue: $63 billion Employees: 58,000
VP of omnichannel	Fashion retail	Headquarters: Japan Operations: Global	Revenue: $850 million Employees: 1,200
Senior manager of business operations	Fashion retail	Headquarters: US Operations: US	Revenue: $700 million Employees: 915
VP of global digital product and consumer experience	Footwear retail	Headquarters: US Operations: Global	Revenue: $2.3 billion Employees: 4,000

Key Challenges

Before investing in Rithum, the interviewees' organizations had fledgling channel businesses through a single marketplace, but they lacked a more substantial marketplace presence. They used medium-sized teams to manage prior marketplace programs, and growth was driven mainly through incremental enrichment of existing channels.

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

- **Resource-constrained by the highly manual nature of selling through directly managed marketplaces**. Interviewees said directly managing their organization's marketplace was highly manual. Employees spent hours each day manually uploading catalogs, monitoring sales, managing inventory feeds, reentering orders into the organization's order management system (OMS) and then manually entering updates into the marketplace. With the time constraints teams faced with only one marketplace, there was no capacity to expand to additional marketplaces.

Furthermore, managing unique integration points to multiple marketplaces would be too difficult and time-consuming.
The director of innovation and product at an office equipment brand shared: “[My organization’s prior marketplace environment] was semi-automated at best. We had largely manual processes where we would load catalogs, manually monitor sales, pull records, and reenter those orders into our order management systems. Then, a couple of times a day, we would manually or in batch files load order status updates back into the marketplace depending on what it could accept from us.”

- **Missed opportunities to price competitively while winning sales and protecting margins.** Challenges with data quality and consistency had measurable consequences on the organizations, resulting in lost revenue and declining margins. Interviewees said that because marketplaces score merchants on the ability to maintain accurate inventory and share order status updates, failure to meet timely expectations results in search-ranking suppression.

  The senior manager of business operations at a fashion retailer shared: “When we were [directly managing a marketplace], we didn’t have the capability to adjust on the fly to ensure we were meeting our margin goals. We had issues with pricing in general where [the marketplace] was listing our pricing incorrectly because of the files that we were sending over.”

- **Executing a strong digital sales strategy required more expertise.** Interviewees said that without extensive in-house expertise, managers were challenged to identify channels that would be a good fit for their organizations to sell through. Managers realized the need to partner with external experts to properly execute their organizations’ digital marketplace sales strategies. Interviewees said they realized their organizations couldn’t be market leaders with their current digital sales strategies.

  The senior manager of business operations at a fashion retailer shared: “There was a period when we tried to expand to as many marketplaces as possible — both managed and self-serviced — and the ROI wasn’t there. The amount of time my team spent working on the smaller marketplaces and the demand that came with it just wasn't worth the squeeze. We needed to take into account what marketplaces best fit our catalog."

Investment Objectives

The interviewees' organizations searched for a solution that could help them:

- **Standardize and scale their digital marketplace programs.** Interviewees' organizations needed a single platform that would enable them to expand to new markets and help them effectively manage their growing omnichannel presences. The director of innovation and product at an office equipment brand shared: "Given the size of our brand, we have a lot of focus on marketplaces. A lot of effort was going into the front end. [But] we needed to do something on the back end as well to make sure that we were complementing that effort."

> "We knew that we had to figure out a way to scale if we wanted to grow and sell in more marketplaces. The whole goal was to be able to launch on Amazon [Marketplace] and to scale to multiple partners so we could sell through our own inventory."
>
> SENIOR MANAGER OF BUSINESS OPERATIONS, FASHION RETAIL

- **Streamline operations and drive efficiencies of scale.** Interviewees' organizations needed integrations with marketplace partners to be as seamless as possible and to be quickly launchable. With this managed service support, the organizations could manage more GMV without growing headcount. The VP of omnichannel at a fashion retailer shared:

"We had a roadmap to get to the first $100 million in total sales for [e-commerce] and then to eventually grow our global footprint to roughly be about 35% [of revenue]. And what we realized in doing so was that we needed to find efficiencies of scale. We realized it was not realistic to manage [marketplaces] 100% in-house because of cost, so we looked for vendor partners that can hire and staff up more quickly and that can scale with our business. [Rithum] helps us reach those goals."

> "At the end of the day [our goals] are all about operational efficiency."
>
> DIRECTOR OF INNOVATION AND PRODUCT, OFFICE EQUIPMENT

- **Diversify marketplace options and meet consumers where they are.** Interviewees said their organizations were aware of the importance of meeting buyers in the channels where they choose to shop and identified the need to scale to new marketplaces as buyer preferences shift. Additionally, they said that by diversifying their organizations' selling channels, they could mitigate the risk of only selling through one or a few marketplaces. Not diversifying could limit sales to their owned channels (e.g., websites) and put them at risk of losing margins to increasing sellers fees or missing opportunities to reach customers.

Why Rithum?

After evaluating multiple vendors, the interviewees' organizations chose Rithum for the following reasons:

- **Rithum's managed services offering.** Interviewees said they realized the disadvantages of directly managing their organizations' marketplace programs. They noted that Rithum could serve as a technology partner to supplement staffing and expertise and to enable them to expand their digital selling channels. The vice president of omnichannel at a fashion retailer shared, "In our RFQ (request for quote), we evaluated how much time we would need to dedicate to manage a partner's teams and processes, and [we] found that [the cost of] Rithum managed services was significantly less than [the cost of the] others."
- **Rithum's relationships with marketplaces.** Interviewees noted that Rithum stands out as a strategic partner that can help reduce the risk associated with a large undertaking like expanding to multiple digital marketplaces. They said that Rithum has established relationships with marketplace partners and a roadmap that actively extends those relationships to emerging marketplaces.
- **The global reach of the platform.** Interviewees said Rithum stood out because of its depth and the breadth of geographies the platform can reach. They explained that the alternatives they evaluated were too regional or only worked with specific marketplaces, and they recognized the need for a single platform with global coverage to avoid fragmentation.
- **Option to upgrade to the managed services offering.** Two interviewees said that before investing in Rithum, their organizations had previously subscribed to the self-service version of the platform. They said they chose to extend to the managed service offering because they already had established integrations with Rithum and would not need to add other vendors to their e-commerce ecosystems.

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a high-volume brand headquartered in the United States with global operations. It has companywide annual revenues of $2.5 billion, and it derives 30% of the total revenues ($750 million) from digital sources including marketplaces. The organization has 4,000 employees and a profit margin of 10%. Before investing in Rithum, the composite organization directly managed a website and one small marketplace business that processed $3.5 million in GMV annually. The directly managed marketplace had year-over-year growth of 10%.

Deployment characteristics. The composite organization's primary goals for the Rithum investment are to add two primary marketplaces in the first year and to continue to add secondary marketplaces each subsequent year. The composite organization scales to new marketplaces each year, adding three individual new marketplaces in Year 1, one in Year 2, and three in Year 3. The cumulative total number of managed marketplaces is four in Year 1, five in Year 2, and eight in Year 3.

Key Assumptions

$2.5 billion annual revenue
4,000 employees
10% profit margin
8 marketplaces by Year 3

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	Marketplace scaling and speed to market	$461,165	$153,722	$461,165	$1,076,053	$892,764
Btr	Marketplace GMV and profit growth	$78,750	$65,835	$64,733	$209,318	$174,634
Ctr	Marketplace integration efficiencies	$485,971	$607,464	$971,942	$2,065,378	$1,674,063
Dtr	Marketplace management efficiencies	$273,375	$97,200	$309,825	$680,400	$561,629
	Total benefits (risk-adjusted)	$1,299,262	$924,221	$1,807,665	$4,031,148	$3,303,090

Marketplace Scaling And Speed To Market

Evidence and data. With the investment in Rithum, the interviewees' organizations scaled their marketplace programs more quickly than what was possible by adding directly managed marketplaces. Interviewees said online marketplaces (e-commerce destinations that connect sellers and consumers) have gained a tremendous share in digital retail in the last decade and that they realized the need for their organizations to engage in marketplace channels in an efficient way.

Interviewees noted several ways that the Rithum investment enabled their organizations to scale their businesses more easily, including:

- **Utilizing Rithum integrations with marketplaces to scale rapidly.** The interviewees' organizations rolled out between one and eight marketplaces in the first year of their investments with Rithum. By the third year of their investments, the interviewees' organizations had scaled to between two and 18 marketplaces. The ability to expand to new marketplaces was aided by the existing relationships and integrations that Rithum has with marketplaces across the globe. Interviewees noted that if their organizations set up directly managed marketplaces on their own, it would take months to stand up and require them to build their own integrations and prepare data appropriately for each individual marketplace. Taking advantage of the prebuilt Rithum integrations and data standardization cut the time to market by half.

> “We want to be able to launch as many marketplaces as we want as quickly as we can.”
>
> VP OF GLOBAL DIGITAL PRODUCT AND CONSUMER EXPERIENCE, FOOTWEAR RETAIL

- **Simplifying business requirements with a managed-marketplace approach.** When the interviewees’ organizations wanted to expand to new directly managed marketplaces, they needed to justify the investments with business cases. E-commerce leaders needed to demonstrate that the value of adding a new marketplace would outweigh the significant amount of effort to integrate and run the new marketplace. But interviewees said that after the investment in Rithum, the ease of adding new marketplaces allowed e-commerce leaders to avoid making new business cases for each additional marketplace.

  The VP of global digital product and consumer experience at a footwear retailer shared: “[Integrating a directly managed marketplace] is more complex, and the level of effort is higher. Rithum lowers the level of effort to get into these opportunities so we can do more of them without needing a business case to validate or justify it. Our business cases would be bigger if we didn’t have [Rithum] as an integrator.”

- **Collaborating with Rithum to identify marketplace opportunities.** Rithum recommends new marketplace opportunities to managed marketplace customers, which relieves them of the need to do all of this research and relationship building independently. The VP of omnichannel at a fashion retailer said, "Rithum presents us with opportunities for expansion within [its] portfolio of marketplaces that [it's] connected to."

> "Rithum brings up new marketplaces that are joining the platform that they think would fit best for our catalog."
>
> SENIOR MANAGER BUSINESS OPERATIONS, FASHION RETAIL

- **Expanding to profitable marketplaces that fit brand strategies.** Interviewees noted that brand strategy and marketplace profitability determine how many marketplaces their organizations add to their marketplace programs along with which ones. The director of innovation and product at an office equipment brand shared: "We can't be everywhere. We haven't got the dollars for that."

  More importantly, interviewees said their organizations select marketplaces that ensure the least product cannibalization, protect brand perception, and offer the largest opportunity to gain market share. The organizations also evaluated the purpose of each market such as, for example, expanding to eBay as a liquidation channel and Amazon as a premium channel.

- **Expanding channel reaches to new geographies.** Interviewees noted that Rithum offered integrations with marketplace partners in regions where their organizations historically had not operated. They said Rithum reduced the complexity and effort to expand to new geographies and enabled their organizations to permeate new regions.

The VP of global digital product and consumer experience at a footwear retailer said: **“**The big opportunity is market expansion into markets via marketplaces that we don’t necessarily have a team behind to go in from an owned perspective. Global expansion should be much easier and quicker with Rithum. If we think about it, even though we don’t have an owned presence in those markets, we can leverage an integration [and] then sell there.”

50%

Speed to market improvement

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization scales to new marketplaces each year, adding three, one, and three individual new marketplaces in Years 1, 2, and 3, respectively. The cumulative total number of managed marketplaces is four, five, and eight in Years 1, 2, and 3, respectively.
- In its prior environment, adding a directly managed marketplace took the organization 24 weeks.
- By using the existing relationship and integration with marketplaces through Rithum, adding a new marketplace takes only 12 weeks, which is a 50% faster speed to market.
- The implementation team, which includes a mix of both technical and business resources, has a weighted average weekly burdened cost of $14,234. More information on the implementation team is detailed in Cost F.

- Another way to evaluate this benefit is to calculate the additional GMV driven by the faster time to market. For the composite organization, this benefit includes both the time savings of implementation resources plus the value of 12 additional weeks of GMV per marketplace added. Because the number of GMV added per marketplace varies greatly between marketplace and product mix, Forrester conservatively modeled only the implementation resource cost savings for the composite organization.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on the following:

- The number of marketplaces into which the organization expands, which depends on brand strategy. Because the value of this benefit depends on the number of marketplaces added, the benefit will increase or decrease proportionally with the number of marketplaces added.
- The organization’s culture, adaptability, and appetite for change. The acceleration of the organization’s speed to market will reflect the organization’s ability to take advantage of the Rithum’s prebuilt integrations, degree of customization, and extent of business requirements that are still required regardless of the Rithum investment.
- Whether or not the organization wants to sell into specialty marketplaces that are not within the existing portfolio. This benefit does not apply to channels that are directly managed.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $893,000.

Marketplace Scaling And Speed To Market					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	New secondary markets added with Rithum	Composite	3	1	3
A2	Weeks required to add a new market in prior environment	Interviews	24	24	24
A3	Speed to market acceleration with Rithum	Interviews	50%	50%	50%
A4	Weeks required to add a new market with Rithum	A2*A3	12	12	12
A5	Weeks avoided for adding new marketplace	A2-A4	12	12	12
A6	Average burdened weekly cost of implementation team	Composite	$14,233.50	$14,233.50	$14,233.50
At	Marketplace scaling and speed to market	A1*A5*A6	$512,406	$170,802	$512,406
	Risk adjustment	↓10%			
Atr	Marketplace scaling and speed to market (risk-adjusted)		$461,165	$153,722	$461,165
	Three-year total: $1,076,053		**Three-year present value: $892,764**		

Marketplace GMV And Profit Growth

Evidence and data. Interviewees said Rithum helps their brands connect with digital selling channels to drive incremental sales and GMV. They noted several ways that the Rithum investment enabled their organizations to capture additional GMV, including:

- **Reaching customers in their channels of choice.** Interviewees shared that their organizations' marketplace strategies revolve around putting products in front of customers in their channels of choice. The VP of global digital product and consumer experience at a footwear retailer said: **"**If a consumer wants to shop somewhere, we should be present in the channel in which that consumer is shopping. We should not be dictating where they find our product. They should be dictating where we show up for them. Rithum offers that opportunity for us."

> "Rithum gives us the opportunity to be present wherever the consumer is, and that is always the priority."
>
> VP OF GLOBAL DIGITAL PRODUCT AND CONSUMER EXPERIENCE, FOOTWEAR RETAIL

- **Improving Amazon Featured Offer and preferred listing win percentages.** In the organizations' prior environments, directly managed marketplaces struggled to maintain Featured Offer positions because of listing errors or failure to meet marketplace requirements that resulted in search-ranking suppression. Interviewees noted that with Rithum, automated repricing strategies enabled their organizations to win the Amazon Featured Offer, increase the visibility of their products, and protect margins. Interviewees cited Featured Offer win percentages ranging from 85% to 98% after the Rithum investment that corresponded with GMV growth. The senior manager of business operations at a fashion retailer shared, "Rithum has a business rule and repricer tool on [its] platform so we can create a business rule for Amazon that allows us to win the Featured Offer, but still maintain margin level. We wouldn't be able to do that without Rithum."
- **Using reporting and analytics capabilities to make better decisions.** Interviewees said that with holistic reporting across marketplaces, their organizations were able to make data-driven decisions about growth opportunities, product mix, and pricing strategies to better win business. The director of innovation and product at an office equipment brand shared: "Now, we have dashboards on how the marketplaces are measuring us. We can see if we are hitting SLAs in terms of timeliness, catalog updates, and order management. Are we doing what the marketplaces expect from us? And overall, it's a good story because it is automated with Rithum. It is effective as a solution. The benefit is we get

ranked higher above other entities or other resellers on some of these marketplaces because they know that [my company] is going to do the right thing."

- **Being better enabled to protect margins to ensure profitability.** Interviewees noted that a mandate of their organizations' growing marketplace programs was to grow revenue without sacrificing margins. With Rithum, the interviewees' organizations automated profitability calculations to help protect margins.

  The vice president of omnichannel at a fashion retailer shared: "If we have products that we want to move through Amazon, we have an internal tool that we use on the planning side that allows us to take into account the floor price of that product, our cost of goods, and the Rithum and Amazon fees that are associated with each unit sale. And then we can internally aim to target let's say 10% operating income at the product level. Rithum allows us to do that in a very automated fashion that allows us to scale up and down."

- **Being able to liquidate products through discount marketplaces.** Interviewees' organizations selected discount marketplaces to liquidate remaining inventory, which appealed to new channels of buyers and controlled the brands' reputations. The senior manager of business operations at a fashion retailer shared: "Instead of having our products sit at our warehouse and not be exposed, the whole goal of the marketplace is to expose on multiple channels. If we are doing liquidation every quarter, at least can get more money listing on eBay and get 50 cents on the dollar instead of taking a penny."

Interviewees also noted several nuances in their organizations' marketplace growth:

- Interviewees estimated that the additional GMV driven through marketplaces could be attributed only partially to their organizations' Rithum investments. They attributed between 45% and 75% of the GMV growth to the Rithum investments and the rest to other factors like macro adding a marketplace, which an organization would enjoy with or without being directly managed. The director of innovation and product at an office equipment brand shared, “I would say three-quarters of that [GMV growth] number is purely from Rithum because we need them in order to get into those markets.”

- Interviewees said that in general, their organizations focused on initial expansion to primary marketplaces with the largest impact on profitability. They typically added secondary marketplaces to establish regional presences or for targeted selling motions (e.g., liquidation sales), and this led to diminishing returns.
- The average three-year compound annual growth rate (CAGR) of the interviewees’ organizations was 49%. Interviewees noted that factors like the COVID-19 pandemic, supply-chain disruptions, and rapidly shifting buyer preferences contributed to both the growth and contraction of GMV during the first three years of their organizations’ investment in Rithum. The largest CAGR among the interviewees’ organizations was 114% while the smallest was a contraction of 13%.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Before investing in Rithum, the composite organization directly managed a single marketplace with an annual GMV of $3.5 million.
- Without Rithum, the composite would realize 10% year-over-year organic growth in its directly managed marketplace (see B3 in the calculation table).
- With the investment in Rithum and the expansion to new marketplaces, the composite organization realizes 60%, 33%, and 25% year-over-year increases in GMV in Years 1, 2, and 3, respectively.
- The composite organization makes several investments in its e-commerce and marketplace tech stacks, adjusts its business strategy, and faces macroeconomic factors. Because of these variables, the composite attributes 50% of the GMV growth to Rithum.
- The composite has a 10% profit margin.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on the following:

- The amount of attribution the organization credits to Rithum, which depends on other investments and strategies that simultaneously impact marketplace outcomes. Organizations may attribute more or less percent of the impact to the Rithum investment, which would increase or decrease the impact on the ROI calculation.
- The organization's actual growth in GMV, which depends on the organization's prior environment, specifically if it has an existing marketplace and the marketplace it uses. For example, an organization with a preexisting Amazon presence may experience a less significant Year 1 impact than one that sold into Amazon for the first time with the help of Rithum.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $175,000.

46%
Three-year CAGR

Marketplace GMV And Profit Growth					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	GMV with organic growth in prior environment	Year 1: Composite Year 2: B1+$B2_{PY}$	$3,500,000	$3,850,000	$4,235,000
B2	Year-over-year growth in prior environment	Composite	10%	10%	10%
B3	**Subtotal: Organic incremental GMV in prior environment**	**B1*B2**	**$350,000**	**$385,000**	**$423,500**
B4	GMV with Rithum	Year 1: Composite Year 2 & 3: $B4_{PY}$+$B6_{PY}$	$3,500,000	$5,600,000	$7,448,000
B5	Year-over-year growth in GMV with Rithum	Composite	60%	33%	25%
B6	**Subtotal: GMV incremental growth with Rithum**	**B4*B5**	**$2,100,000**	**$1,848,000**	**$1,862,000**
B7	Net GMV added with Rithum	B6-B3	$1,750,000	$1,463,000	$1,438,500
B8	GMV growth attributed to Rithum	Interviews	50%	50%	50%
B9	Profit margin	Composite	10%	10%	10%
Bt	Marketplace GMV and profit growth	B7*B8*B9	$87,500	$73,150	$71,925
	Risk adjustment	↓ 10%			
Btr	Marketplace GMV and profit growth (risk-adjusted)		$78,750	$65,835	$64,733
	Three-year total: $209,318		**Three-year present value: $174,634**		

Marketplace Integration Efficiencies

Evidence and data. In addition to expanding to new marketplaces and driving year-over-year GMV growth, interviewees also noted that Rithum enabled their organizations to operate their marketplace integrations more efficiently. Interviewees noted several ways that the Rithum investment enabled their organizations to streamline technical operations, including:

- **Simplifying data integrations, which reduced efforts to adjust to requirement changes.** Interviewees said that in their organizations' prior environments, the highly manual nature of directly managing a marketplace required dedicated time from technical resources to react to changing marketplace requirements. They noted that requirement changes happened at least once a year per marketplace and that each change resulted in weeks of manual efforts to comply with new requirements — typically around data formatting.

With Rithum, the interviewees' organizations normalized the data pumped into marketplaces and standardized and transformed product content to comply with the unique requirements of each marketplace with minimal effort. The senior manager of business operations at a fashion retailer shared: "We utilize Rithum because we can send all of our product info to one location on their platform. We can utilize their tools and]business rules and look up lists to help standardize data to fit what is required from eBay or Amazon as they might have more fields or values required, depending on the category. That has helped us to standardize our data because we have a large breadth, and it comes from multiple vendors. It has made it a lot easier to clean up our data."

- **Standardizing integrations to reduce the time to resolve technical errors.** Interviewees also noted that responding to break-fix issues with the technical integrations between marketplaces was much easier with Rithum. In their prior environments, issues with integrations required at least a week and a half to identify the source and to respond appropriately. After the investment in Rithum, the ability to manage multiple marketplaces through a single integration resulted in additional operating efficiencies. The VP of global digital product and consumer experience at a footwear retailer shared: "Rithum handles the actual feed and order integrations. If a feed breaks, we can leverage them, and the response is very standardized."

> "We're able to solve technical issues with Rithum relatively quickly, and we can probably get to a resolution within a few days. The directly managed marketplaces take a bit more digging and evaluation, which would usually take a week [or more] to figure out."
>
> VP OF OMNICHANNEL, FASHION RETAIL

600

Technical hours saved per marketplace each year

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite sells through four, five, and eight marketplaces in Years 1, 2, and 3, respectively. Each marketplace has a single requirement change each year and one break-fix issue per month.
- With a directly managed marketplace, responding to a requirement change would require the time of two full-time equivalent (FTE) resources working 16 weeks to make the required change, and resolving a break-fix integration issue would take those resources 1.5 weeks.
- With Rithum, technical resources respond to requirement changes 90% faster, which reduces manual efforts per marketplace change by 14 weeks.

The composite resolves break-fix issues 75% faster, which allows it to avoid a week per issue per marketplace.

- The weekly burdened cost of a marketplace technical resource is $2,596.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on the following:

- The organization’s number of marketplaces. Because the value of this benefit depends on the number of marketplaces the organization adds, the benefit will increase or decrease in proportion to the number of marketplaces managed by Rithum.
- The number and type of requirement changes requested per marketplace.
- The number of break-fix issues with marketplace integrations.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.7 million.

Marketplace Integration Efficiencies					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Requirement changes per marketplace	Interviews	1	1	1
C2	Weeks to make a change on a direct managed marketplace	Interviews	16	16	16
C3	Requirement adoption acceleration with Rithum	Interviews	90%	90%	90%
C4	Weeks to make a change on a Rithum-managed marketplace (rounded)	C2-C5	2	2	2
C5	Avoided weeks needed to update marketplace requirement changes	C2*C3	14	14	14
C6	**Subtotal: Management savings for requirement changes**	**C1*C5*C13* C14*C15**	**$290,752**	**$363,440**	**$581,504**
C7	Break-fix issue per marketplace	Interviews	12	12	12
C8	Weeks to resolve break-fix issue on direct managed marketplaces	Interviews	1.5	1.5	1.5
C9	Break-fix acceleration with Rithum	Interviews	75%	75%	75%
C10	Weeks to resolve break-fix issue on a Rithum-managed marketplace	C8-C11	0.5	0.5	0.5
C11	Avoided weeks needed to update break-fix issues	C8*C9	1.0	1.0	1.0
C12	**Subtotal: Management savings for break-fix issues**	**C7*C11*C14* C13*C15**	**$249,216**	**$311,520**	**$498,432**
C13	Marketplaces managed with Rithum	Composite	4	5	8
C14	FTE integration resources who work on requirement changes and break-fix	Composite	2	2	2
C15	Weekly burdened cost of a marketplace resource	Composite	$2,596	$2,596	$2,596
Ct	Marketplace integration efficiencies	C6+C12	$539,968	$674,960	$1,079,936
	Risk adjustment	↓10%			
Ctr	Marketplace integration efficiencies (risk-adjusted)		$485,971	$607,464	$971,942
	Three-year total: $2,065,378		**Three-year present value: $1,674,063**		

Marketplace Management Efficiencies

Interviewees said that in addition to operating the technical integrations with multiple marketplaces more efficiently, their organizations' marketplace operations also recognized additional efficiencies from working with Rithum. They noted several ways that the Rithum investment enabled them to streamline marketplace operations:

Evidence and data. Interviewees noted several ways that the Rithum investment enabled their organizations to make their marketplace management more efficient, including:

- **Reducing manual data feed management.** Rithum has data transformation and inventory management built in, which interviewees said alleviated a major pain point for teams that were spending significant time on managing feeds and inventory. The senior manager of business operations at a fashion retailer shared: "We have a large product file because our business model has a large breadth of inventory that turns over constantly. Managing the product feeds, going through updates, [and] going through partners was very, very time-consuming. [It took] up to 5 hours a day just ensure that the products were going through correctly."

> "We could spend 5 to 8 hours … every day going through the file and converting our data to fit Amazon or eBay. We're talking an 8-hour day, at least, just to make sure that the products get updated. ... It was a full-time job for someone."
>
> SENIOR MANAGER OF BUSINESS OPERATIONS, FASHION RETAIL

- **Being able to manage marketplace programs with leaner teams.** While many of the interviewees' organizations hired additional headcount to support their growing marketplace businesses, the interviewees noted that without Rithum, the sizes of their teams would have needed to grow another two-fold. They said Rithum enabled their organizations to scale their marketplace businesses while keeping operating costs in check. The senior manager of business operations at a fashion retailer shared: "With Rithum, we have the ease of connecting to multiple partners [and] consolidating everything into one platform, and [we] can manipulate our data set to fit a partner's requirements. It really is the only way we would be able to do our business with a team of two."

> "You reap the benefits [of working with Rithum] from Day 1 from having full automation on the back end and less work to actually run that business on an ongoing basis. We're saving 210 hours a month for a small market, so that's where we're really getting our benefits."
>
> DIRECTOR OF INNOVATION AND PRODUCT, OFFICE EQUIPMENT

- **Unlocking capacity for value-add activities.** Interviewees noted that their organizations were able to manage much larger marketplace programs without proportionally adding headcount. The added efficiency also provided additional bandwidth for e-commerce and marketplace leaders to spend more time on strategic planning and growth projects. The senior manager of business operations at a fashion retailer shared: "[We now have time for] overall, high-level strategic planning — strategically merchandizing our products, partnering with our marketplaces to run promotions, and spending more time on business development."

> "Rithum helps reduce operational support once we do go live with a marketplace because if you have a directly managed marketplace, which is obviously much more management and time that you have to allocate to order processing and management."
>
> VP OF GLOBAL DIGITAL PRODUCT AND CONSUMER EXPERIENCE, FOOTWEAR RETAIL

75% to 85%
Increase in marketplace manager efficiency

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization scales to new marketplaces each year by adding three, one, and three individual new marketplaces in Years 1, 2, and 3, respectively. The cumulative total number of managed marketplaces is four, five, and eight in Years 1, 2, and 3, respectively.
- In a directly managed marketplace environment, each marketplace regardless of size requires a fully dedicated marketplace manager. In the composite's prior environment, the organization would have needed to add seven additional headcount to support its growing marketplace business.

- With Rithum automations, the composite organization realizes economies of scales with its additional marketplaces by gaining 75% more efficiency in Year 1, 80% more efficiency in Year 2, and 85% more efficiency in Year 3. With the back-end automations, the composite organization avoids hiring an additional 5.6 headcount.
- The average burdened annual cost of a marketplace manager is $135,000.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on the following:

- The number of marketplaces that an organization expands to, which will depend on brand strategy. Because the value of this benefit depends on the number of marketplaces added, the benefit will increase or decrease in proportion with the number of marketplaces added.
- The annual burdened cost of marketplace managers.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $562,000.

Marketplace Management Efficiencies

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	New markets added with Rithum	A1	3	1	3
D2	Managers per direct managed marketplace	Interviews	1.0	1.0	1.0
D3	Additional marketplace managers needed to manage secondary markets without Rithum	D1*D2	3.0	1.0	3.0
D4	Percentage efficiency gain with Rithum	Interviews	75%	80%	85%
D5	Avoided hires needed to manage marketplaces	D3*D4	2.25	0.80	2.55
D6	Burdened annual cost of a marketplace manager	Composite	$135,000	$135,000	$135,000
Dt	Marketplace management efficiencies	D5*D6	$303,750	$108,000	$344,250
	Risk adjustment	↓ 10%			
Dtr	Marketplace management efficiencies (risk-adjusted)		$273,375	$97,200	$309,825
	Three-year total: $680,400		**Three-year present value: $561,629**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify for this study:

- **Working with Rithum on the roadmap for adding marketplaces onto the platform.** Interviewees noted that their organization's relationship with Rithum included participating in identifying new marketplaces around the globe for Rithum to partner with and providing input on the product roadmap. The VP of omnichannel at a fashion retailer shared: "We're also involved in forming [Rithum's] strategic roadmap on who could be a good partner going forward. There are conversations around who we'd like to see them target to add to the portfolio."
- **Receiving advice and guidance from Rithum as part of the managed service.** Some interviewees said that as part of the managed service, their organization received advice and guidance from Rithum around elements of its marketplace strategy. The VP of omnichannel at a fashion retailer shared, "Through our managed services representation, we get business recommendations around pricing structure and product information, and we get some reporting on where we are currently ranking with brand share."
- **Gaining more visibility into two common marketplace challenges: channel conflict with traditional retail and grey-market concerns.** Interviewees said Rithum helped their organizations mitigate risks that come with selling through a marketplace. First, channel conflict issues are closely tied to marketplaces and that marketplaces often procure inventory without a brand's explicit approval, so traditional retailers (e.g., wholesale partners) are at a disadvantage because they must generally comply with brand standards and terms of sale while marketplace sellers with unauthorized products do not.[4] This situation creates a nonlevel playing field between traditional distribution and marketplaces and often lets marketplaces win on price.

  Secondly, because there are generally no limits around who can sell and few limits on what can be offered for sale, online marketplaces often carry unauthorized or counterfeit goods that are advertised at prices frequently lower than what is available elsewhere in retail. The VP of omnichannel at a fashion retailer shared: “Rithum allows us to control where products end up because we have agreements with liquidators. Otherwise, you don’t necessarily know where products could end up. What ends up happening is products could end up on a marketplace where we’re not controlling the sale of that product, and they enable cross-border shipping. So, the product could even end up in another region, which then impacts sales within that region.”

FLEXIBILITY

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

- **Future investment in Rithum’s Marketing Solutions.** Rithum offers Marketing Solutions that provide retail media, paid search, paid social, and product feed management to support media and marketing efforts, and one of the interviewees said their organization used it to implement a digital marketing use case. The interviewee shared, “We decided to consolidate advertising services into our current contract because of Rithum’s offering, expertise, the strong partnership we already had, and because [Rithum] already understood our brand from working [us] for several years.”
  The interviewee said this use case helped their organization:
  - **Drive more GMV growth.** The digital marketing use case helped the organization increase its GMV by boosting visibility on marketplaces with retail media advertising, which theoretically drove increases in site traffic and helped the organization acquire new customers.
  - **Augment a small team of digital marketers.** Instead of using a marketing agency, the interviewee’s organization chose to partner with Rithum and utilize its managed service to extend the reach and augment the expertise of the organization’s small marketing team. The interviewee shared: “Rithum has been a really good partner in helping us identify opportunities on where we can spend top- and

mid-funnel, which is very helpful considering our team internally is two people on the marketing side that manages this relationship. [The team is] able to provide us with a lot of keyword research [and] competitor trends that help us figure out where to place that budget. We probably wouldn't have been able to be as efficient in those top- and mid-funnels without the Rithum relationship."

  - **Set targets and help monitor return on ad spend (ROAS).** The interviewee said the Rithum team helped their organization maximize budget and understand competitor trends to make sure it used advertising dollars effectively. The interviewee shared, "On the paid search side of things, Rithum is very involved in helping us set our ROAS targets on an annualized and monthly basis as we enter our budgeting process."

  - **Push into emerging marketing technologies.** The interviewee said the added expertise of the Rithum managed services team resulted in new digital marketing opportunities. The interviewee shared, "Rithum also provides us new channels and opportunities such as video advertisements, YouTube TV, and things of that nature that are emerging technologies in the marketing spaces."

- **Future adoption of additional Rithum solutions.** Interviewees said the convergence of CommerceHub and ChannelAdvisor as Rithum presents organizations with the opportunity to use a single vendor partner to support the entire e-commerce lifecycle — from connecting, marketing, and selling through channels to consumers to fulfilling orders and optimizing the consumer shopping journey from beginning to end.

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	Rithum Managed Marketplaces subscription	$0	$106,400	$171,304	$242,060	$519,764	$420,164
Ftr	Initial implementation	$283,401	$0	$0	$0	$453,797	$283,401
Gtr	Marketplace expansion and ongoing management	$0	$222,103	$74,034	$222,103	$518,241	$429,967
	Total costs (risk-adjusted)	$283,401	$328,503	$245,338	$464,163	$1,321,406	$1,133,532

Rithum Managed Marketplaces Subscription

Evidence and data. The interviewees' organizations pay for the Rithum subscription fees based on estimated GMV processed through the platform. The actual subscription fees varied significantly between the organizations based on how accurate the contracted licensing estimates were compared to their actual GVMs. The organizations' subscription costs ranged from 0.2% to 7% of their GMVs and averaged approximately 2%.

Modeling and assumptions. Based on the interviews, Forrester assumes the composite organization's subscription fees for Rithum are $106,400 in Year 1, $171,304 in Year 2, and $242,060 in Year 3.

Risks. Forrester recognizes that these results may not be representative of all experiences and the cost will vary between organizations depending on:

- The estimated GMV the subscription contract is based on.
- The contract pricing tiers based on GMV.
- Any discounts negotiated and the terms of the contract.

Results. Forrester calculated a three-year, risk-adjusted total PV (discounted at 10%) of $420,000.

Rithum Managed Marketplaces Subscription						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Rithum Managed Marketplaces subscription	Composite		$106,400	$171,304	$242,060
Et	Rithum Managed Marketplaces subscription	E1	$0	$106,400	$171,304	$242,060
	Risk adjustment	0%				
Etr	Rithum Managed Marketplaces subscription (risk-adjusted)		$0	$106,400	$171,304	$242,060
	Three-year total: $519,764			**Three-year present value: $420,164**		

Initial Implementation

Evidence and data. The interviewees' organizations incurred external and internal costs in the following categories as part of their Rithum implementations:

- **Implementation fees paid to Rithum.** Interviewees' organizations paid one-time implementation fees to integrate their organizations' systems with Rithum. The implementation fees varied based on requirements for installation and connection to Rithum APIs.
- **Internal labor for implementation and training.** Interviewees' organizations had internal resources work with Rithum representatives to implement the platform and their first marketplaces. Although many business and technical resources participated in the implementations, each dedicated only a fraction of their time to implementation tasks as appropriate for their role.
- **Additional training.** Interviewees noted that beyond the transfer of knowledge that took place during the implementations, some team members dedicated additional time to stay aware of new features and functionalities from Rithum. The VP of omnichannel at a fashion retailer shared: "There is a decent amount of training that happens when new features and functionalities roll out across the platform. Through our relationship, Rithum sits down with our team either in person or virtually, and walks [the team] through what it will take to utilize those features as

well as [gathering] feedback from us on improvements that they could make from a business perspective."

> "I'd say training is relatively minimal. Within a couple of weeks, you'll be up and running."
>
> DIRECTOR OF INNOVATION AND PRODUCT, OFFICE EQUIPMENT

Modeling and assumptions. Based on the interviews, Forrester assumes the following for the composite organization:

- The composite organization pays Rithum a one-time implementation fee of $10,000.
- Five internal technical resources are tasked with implementation over five weeks. These resources include four agile developers who dedicate 80% of their time and one QA and user acceptance testing (UAT) resource who dedicates 70% of their time.
- The weighted average weekly burdened cost of a technical resource is $4,128.
- Six internal business resources are involved with the business requirements aspect of the implementation over nine weeks. These resources include a product owner and a product manager who dedicate 75% of their time, an operations resource who dedicates 25% of their time, and an enterprise resource planning (ERP) and finance systems owner who each dedicate 20% of their time. The project also has an executive sponsor who is responsible for the success of the program and dedicates 10% of their time.
- The weighted average weekly burned cost of a business resource is $2,675.

Risks. Forrester recognizes that these results may not be representative of all experiences and the cost will vary based on several factors including:

- The organization’s size, number of connections to Rithum APIs, discounts negotiated, and terms of the contract, which will affect the one-time setup fee.
- The amount of time and effort the organization dedicates to planning, deploying, and testing Rithum solutions.
- The number of internal resources involved with implementation.
- The cost of the implementation resources.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $283,000.

Initial Implementation						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	One-time implementation fee	Composite	$10,000			
F2	Internal technical resources tasked with implementation	Composite	5			
F3	Weeks dedicated to implementation	Composite	5			
F4	Weighted average weekly burdened cost of an implementation resource	TEI standard	$4,127.50			
F5	**Subtotal: Technical implementation costs**	**F1+(F2*F3*F4)**	**$113,188**	**$0**	**$0**	**$0**
F6	Internal business resources involved with implementation	Composite	6			
F7	Weeks needed to implement Rithum and primary marketplace	Composite	9			
F8	Weighted average weekly burdened cost of business resources	TEI standard	$2,675			
F9	**Subtotal: Business resources implementation costs**	**F6*F7*F8**	**$144,450**	**$0**	**$0**	**$0**
Ft	Initial implementation	F5+F9	$257,638	$0	$0	$0
	Risk adjustment	↑10%				
Ftr	Initial implementation (risk-adjusted)		$283,401	$0	$0	$0
	Three-year total: $283,401			**Three-year present value: $283,401**		

Marketplace Expansion And Ongoing Management

Evidence and data. The interviewees' organizations incurred internal and external ongoing costs to optimize and expand their marketplace programs with Rithum. These costs included:

- **Secondary marketplace implementation costs.** After the initial implementation and integration with Rithum, interviewees' organizations continued using Rithum to enter new marketplaces. The expansion to additional marketplaces required internal business resources and required a dedicated portion of each person's time.
- **One-time setup cost for secondary marketplaces**. Interviewees noted that their organizations paid one-time fees to Rithum for each additional marketplace added.

Modeling and assumptions. Based on the interviews, Forrester assumes the following for the composite organization.

- The composite adds three, one, and three new marketplaces in Years 1, 2, and 3, respectively.
- Each secondary implementation takes 12 weeks.
- Four internal business resources dedicate 50% of their time to adding new marketplaces. The burdened cost of these resources is $2,596.
- The composite pays a one-time cost of $5,000 per marketplace to Rithum.

Risks. Forrester recognizes that these results may not be representative of all experiences and the cost will vary depending on:

- The existing knowledge and skill sets of the organization’s technical and business resources.
- The time it takes for the organization to complete secondary market implementations.
- The cost of implementation sources.

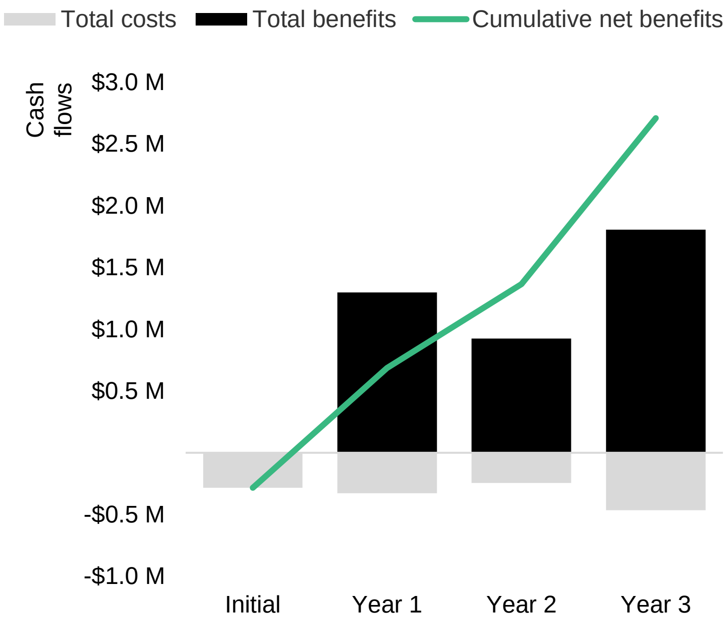
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $430,000.

Marketplace Expansion And Ongoing Management						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
G1	Secondary marketplaces added	Composite		3	1	3
G2	Weeks required to add a new market with Rithum	A4		12	12	12
G3	Total weeks spent on secondary market implementations	G1*G2		36	12	36
G4	Internal business resources tasked with implementation	Composite		4	4	4
G5	Average percent of time dedicated to implementation tasks	Interviews		50%	50%	50%
G6	Average weekly burdened cost of an e-commerce resource	TEI standard		$2,596	$2,596	$2,596
G7	One-time cost per marketplace added	Interviews		$5,000	$5,000	$5,000
Gt	Marketplace expansion and ongoing management	G3*G4*G5*G6+(G7*G1)	$0	$201,912	$67,304	$201,912
	Risk adjustment	↑ 10%				
Gtr	Marketplace expansion and ongoing management (risk-adjusted)		$0	$222,103	$74,034	$222,103
	Three-year total: $518,241			**Three-year present value: $429,967**		

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 Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($283,401)	($328,503)	($245,338)	($464,163)	($1,321,406)	($1,133,532)
Total benefits	$0	$1,299,262	$924,221	$1,807,665	$4,031,148	$3,303,090
Net benefits	($283,401)	$970,758	$678,882	$1,343,502	$2,709,742	$2,169,558
ROI						191%
Payback						<6 months

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."

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.

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.

Appendix C: Endnotes

[1] Source: “2022 Online Marketplace Tracker, Global,” Forrester Research, Inc., October 3, 2022.

[2] At the time of this research, the name of the product was ChannelAdvisor Managed Services. In 2022, CommerceHub acquired ChannelAdvisor and later rebranded to Rithum. Interviewee quotes have been updated to reflect the new branding.

[3] 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.

[4] Source: “How Brand Manufacturers Can Manage Messy Online Marketplaces,” Forrester Research, Inc., June 18, 2021.

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