

FORRESTER®

The Total Economic Impact™ of InfoCert Trusted Onboarding Platform

Forrester Consulting

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October 2016


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Forrester's Total Economic Impact™ Methodology

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 solutions to clients.

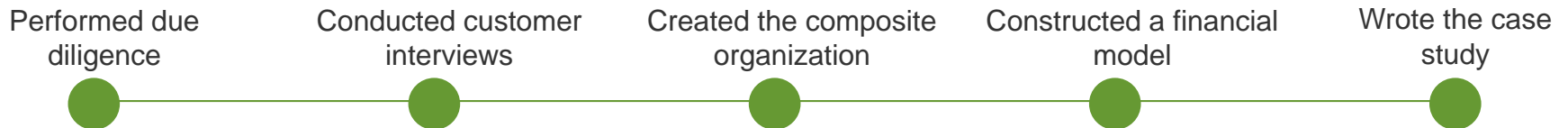
The TEI methodology consists of four components to evaluate investment value:

- **Benefits** represent the value delivered to the user organization by the project.
- **Costs** represent the investment necessary to capture the benefits of the project.
- **Flexibility** represents the value that can be obtained for some future additional investment building on top of the initial investment already made.
- **Risks** measure the uncertainty of benefit and cost estimates contained within the investment.



		TCO	ROI	TEI
IT Impact	IT costs	✓	✓	✓
	IT cost savings	✓	✓	✓
Business Impact	User efficiency		✓	✓
	Business effectiveness		✓	✓
Risk/uncertainty	Risk mitigation			✓
	Risk versus reward			✓
Strategic Impact	Scalability			✓
	Flexibility			✓

Forrester took a multistep approach to evaluate the impact that Equinix can have on an organization . Specifically, we:



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Disclosures

Readers should be aware of the following key disclosures:

- The study is commissioned by InfoCert and delivered by the Forrester Consulting group.
- Forrester makes no assumptions as to the potential return on investment that other organizations will receive. Forrester strongly advises that readers should use their own estimates within the framework provided in the report to determine the appropriateness of an investment in InfoCert.
- InfoCert 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.
- The customer interviewed was provided by InfoCert.
- Forrester does not endorse InfoCert.

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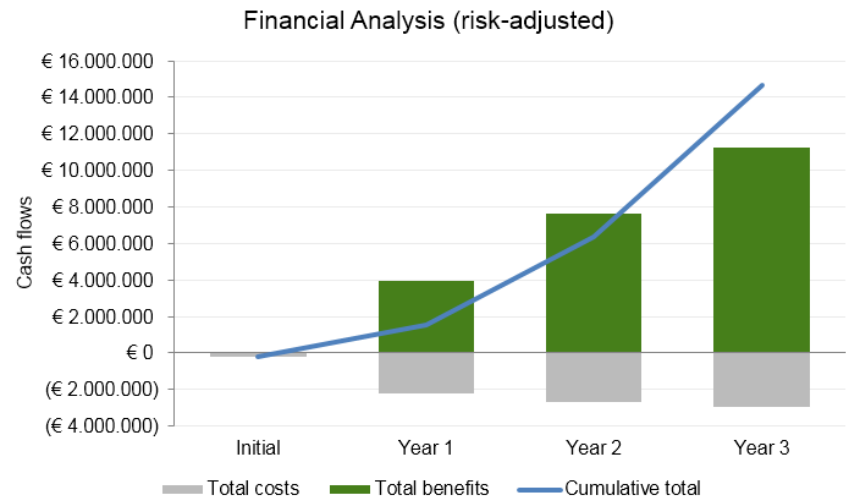
Executive Summary

INFOCERT ENABLES DIGITAL IDENTITY VERIFICATION FOR ONLINE BANKING AND FRAUD PREVENTION

InfoCert commissioned Forrester Consulting to conduct a Total Economic Impact (TEI) study and examine the potential return on investment (ROI) enterprises may realize by implementing its Trusted Onboarding Platform. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of InfoCert on their organizations.

With InfoCert Trusted Onboarding Platform, banks are able to sign up new customers completely through digital channels and still validate customer identities to avoid fraud. InfoCert enables banks to fulfill the customer experience that consumers demand today – which is to engage and bank completely through digital media and increasingly via mobile devices.

Forrester quantified benefits, costs, risks, and flexibility based on interviews with an InfoCert customer. Forrester, from customer feedback, has determined this investment has the following three-year risk-adjusted financial impact on a composite organization:



Net Present Value:
€11,6M



Return on Investment:
174%



Payback Period:
0,6 months



Increase signed customers:
30%



The Customer Interviewed By Forrester

Forrester interviewed an existing InfoCert customer and constructed a TEI framework within associated ROI analysis that illustrates the areas affected:

- **Bank located within the European Union** with many physical branches.
- **Executives wanted to simplify the customer experience** for new accounts by providing a 100% digital experience.
- **Posses excellent customer satisfaction scores** with high ratings from hundreds of thousands of customers.
- **Engaged with InfoCert for about two years** with the Trusted Onboarding Platform providing the enabling technology for its digital channel.



“The real goal that we wanted was to open the account without any paper for the customer and with a process that in half an hour was able to give an account number and immediately enable the customer.”



“The rate of closing was very, very high compared to other banking situations. InfoCert eliminated the need to go into a bank branch or to send a contract in the mail. It is a direct process that results in a much higher rate of success.”



1 **InfoCert Trusted Onboard Platform enables:**

INCREMENTAL REVENUE FROM SIGNING UP ADDITIONAL CUSTOMERS

- A key benefit for the organization was the ability to reach a wider audience and to get a higher conversion rate. Overall by offering a 100% digital experience the bank has been able to sign up 30% more customers.
- The bank told Forrester that it earns on average € 1.000 per year for each new account opened, which accumulate year over year in Forrester’s model.
- Using a three-year model, the bank generated an incremental € 302 million in revenue by using InfoCert. Forrester risk-adjusted this benefit downward by 15% to account for other banks that may experience a different result.
- **At a 7% profit margin, the bank generated more than € 17,9 million in risk-adjusted profit over three years.**



**Three-year PV:
€ 14.371.195**

		Calculation	Year 1	Year 2	Year 3
A1	Total customers signed		150.000	181.000	195.000
A2	Incremental customers signed (cumulative)	A1*30%	44.000	99.300	157.800
A3	Revenue per customer account		€ 1.000	€ 1.000	€ 1.000
A4	Profit margin		7%	7%	7%
At	Net profit from incremental customers signed	A2*A3*A4	€ 3.150.000	€ 6.951.000	€ 11.046.000
	Risk adjustment	↓15%			
Atr	Net profit from incremental customers signed (risk adjusted)		€ 2.677.500	€ 5.908.350	€ 9.389.100

1 2 3 4 InfoCert Trusted Onboard Platform enables:

AVOIDED COST OF MANAGING IDENTITY LIABILITY

- Government agencies increasingly hold banks accountable for fraud, forcing the banks to validate the identify of individuals applying for bank accounts. On average, 0.06% of all applications come from fraudulent identities, which is reduced to 0.01% by using InfoCert.
- InfoCert uses proprietary technology to validate the identify of applicants and shifts the compliance accountability and financial liability away from the bank and onto InfoCert.
- Over three years, the bank received 526.000 applications, which would have resulted in 263 fraudulent applications at an average cost of € 6,700 each.
- **Over three years, the bank saved a risk-adjusted € 1.497.785 by using InfoCert to validate applicant identities and shift liability.**



**Three-year PV:
€ 1.231.421**

		Calculation	Year 1	Year 2	Year 3
B1	Total signed		150.000	181.000	195.000
B2	Average fraud rate	0.06%-0.01%	0,05%	0,05%	0,05%
B3	Estimated number of fraudulent applications		75	91	98
B4	Cost per fraudulent applications		€ 6.700	€ 6.700	€ 6.700
Bt	Avoided cost of fraud	B3*B4	€ 502.500	€ 606.350	€ 653.250
	Risk adjustment	↓ 15%			
Btr	Avoided cost of fraud (risk adjusted)		€ 427.125	€ 515.398	€ 555.263

1 2 **3** 4 **InfoCert Trusted Onboard Platform enables:**

AVOIDED COST OF PROCESSING AND ARCHIVING PAPER DOCUMENTS

- A digital-only experience for customers results in a savings for the bank because it has no paper documents to process or archive.
- In a traditional remote on-boarding process, the bank processes a set of documents for each new account at a cost of € 5 per processing and € 1 per year per archiving that need to be retained for at least 2 years.
- During the first year, bank avoided processing and archiving 150.000 documents and more in subsequent years. Forrester risk-adjusted this benefit downward by 5% as most banks will recognize this savings.
- **Over three years, the bank saved a risk-adjusted € 3.312.650.**



**Three-year PV:
€ 2.711.961**

		Calculation	Year 1	Year 2	Year 3
C1	Number of documents that avoided the need to be processed		150.000	181.000	195.000
C2	Cost of document processing		€ 5	€ 5	€ 5
C3	Number of documents that avoided the need to be archived	$C1_{cy} + C1_{py}$	150.000	331.000	376.000
C4	Cost of archiving per document per year		€ 1	€ 1	€ 1
Ct	Avoided cost of archival	$(C1 * C2) + (C3 * C4)$	€ 900.000	€ 1.236.000	€ 1.351.000
	Risk adjustment	↓ 5%			
Ctr	Avoided cost of archival (risk adjusted)		€ 855.000	€ 1.174.200	€ 1.283.450

1 2 3 **4** InfoCert Trusted Onboard Platform enables:

UNQUANTIFIED BENEFITS

- “Until recently, consumers chose the bank that was recommended by their parents or grandparents. Today, consumers choose a bank based on its reputation and rankings by other consumers. Our digital only engagement model is resonating with consumers of every age group. Of course, we have millennials, but our average customer is 45 years old and we have good penetration with the 55+ group as well.”
- An important part of a bank’s reputation today is bank fraud, which causes indirect damages in terms of bad reputation and the bank’s image overall. An important aspect of the Trusted Onboarding Platform is that InfoCert assumes the liabilities related to the customer identification process.



FUTURE FLEXIBILITY

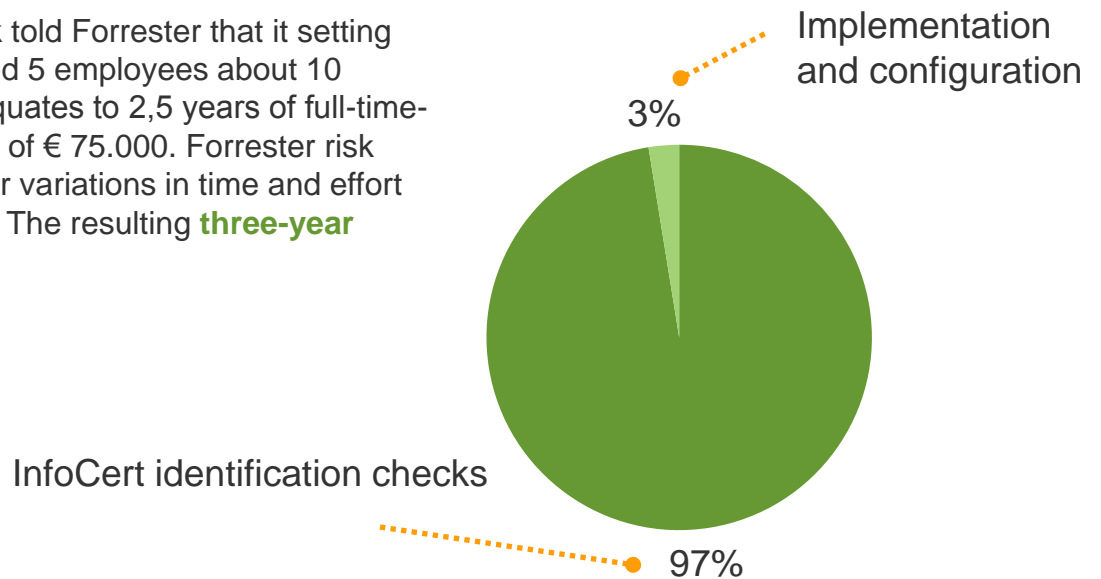
- “Digital is not our only goal. Our approach is to increase the human feeling, but in a device. Having InfoCert as a partner for digital identification opens the door to cross selling, increasing the rate of interaction with financial advisors, and engaging with customers through new devices.”
- “We are evaluating ways of changing the ‘physical’ touchpoint with a customer, including face-to-face conversations over screens, integrating with social media (e.g., Facebook), and changing not only our B2B model, but also our B2B2C model.”



Categories Of Investment

The composite organization experienced the following costs associated with an investment in InfoCert:

- **Cost of InfoCert:** Trusted Onboarding Platform can be sold as a platform (capex) or service (opex), price varies according to the required service level*, overall the total cost equivalent per completed transaction was € 15. Forrester did not risk adjust the cost because the bank paid list price. Over three years, the bank conducted more than 500.000 identification checks, resulting in a **three-year total cost of € 7.890.000.**
- **Implementation and configuration:** The bank told Forrester that it setting up bank operations to leverage InfoCert required 5 employees about 10 months for 60% of the employee's time. This equates to 2,5 years of full-time-equivalent employee work at an average salary of € 75.000. Forrester risk adjusted this cost upward by 10% to account for variations in time and effort to modify banking operations to utilize InfoCert. The resulting **three-year risk-adjusted cost was € 206.250.**



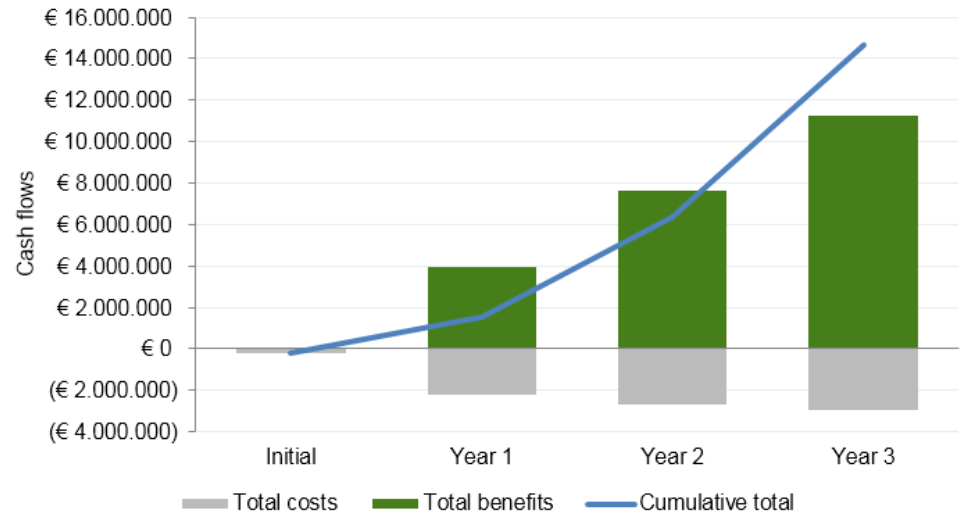
* dedicated vs. shared operators, hours of operations, QES vs AdES, etc..

Results And Financial Summary

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 in InfoCert. These values are determined by applying Forrester’s risk-adjustment values to the unadjusted results in each relevant cost and benefit. The financial results exclude any contribution from unquantified benefits or future flexibility described on page 9 of this study.

- The risk-adjusted ROI is **174%**.
- The risk-adjusted NPV is **€ 11.621.474**.
- The payback period is **0,6 months**.
- Increase in signed customers is **30%**.

Financial Analysis (risk-adjusted)



	Initial	Year 1	Year 2	Year 3	Total	Present Value
Costs	(€ 206.250)	(€ 2.250.000)	(€ 2.715.000)	(€ 2.925.000)	(€ 8.096.250)	(€ 6.693.102)
Benefits	€ 0	€ 3.959.625	€ 7.597.948	€ 11.227.813	€ 22.785.385	€ 18.314.576
Net benefits	(€ 206.250)	€ 1.709.625	€ 4.882.948	€ 8.302.813	€ 14.689.135	€ 11.621.474
ROI						174%
Payback period						0,6 months