

# Specright Enables Innovation and Rapid Market Response

Forrester Consulting conducted a Total Economic Impact™ (TEI) study to provide readers with a framework to evaluate the potential financial impact of Specright on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers with experience using Specright's Specification Management platform. This summary is based on a full TEI study, which can be downloaded [here](#).

Through these customer interviews and data aggregation, Forrester concluded that Specright has the following three-year financial impact: \$3.2 million in benefits versus costs of \$560,000, resulting in a net present value (NPV) of \$2.6 million and an ROI of 469%.

**Quantified benefits.** The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed, and include both innovation-oriented benefits and other organizational benefits focused on the supply chain organization:

- › **Material cost savings from better supplier collaboration totaled over \$1.4 million.** Access to complete and validated specification data allowed procurement professionals to field RFPs more frequently and to a larger supplier pool (taking advantage of technology advances and market competition) and to confidently compare bids.
- › **Material cost savings from order consolidation impacted 10% or more of purchased items.** With specifications housed in a single source of truth, the organizations could easily identify items that were very close to identical, or which could be ordered in combination with other items. This order consolidation reduced costs by \$302,153.
- › **Incremental sales from accelerated new product development added \$839,313 in margin.** Complete and up-to-date specification data gives new product development teams the ability to construct a bill of materials using as many existing items, ingredients, and packaging as possible in order to maximize speed-to-market and odds of success.
- › **Increased sales from enhanced customer responsiveness added \$335,725 to the bottom line.** The organizations were able to respond more quickly than competition and, thus, win a greater proportion of new business opportunities.
- › **Savings from improved productivity freed up time spent manually tracking projects.** This time savings allowed the organizations to avoid \$191,354 in additional headcount and to redeploy \$70,485 of supply chain professionals' time to higher value tasks



**ROI**  
469%



**Benefits PV**  
\$3.2 million



**Costs PV**  
\$560,000

## SUMMARY

Based on a commissioned study, "The Total Economic Impact Of Specright"

## METHODOLOGY

The objective of the TEI 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 of Specright, including interviews with Forrester analysts, Specright stakeholders, and 5 current Specright customers. Forrester constructed a financial model representative of the interviews using the TEI methodology.

## COMPOSITE ORGANIZATION

This analysis uses a composite organization, based on the interviewees, to present the aggregate financial analysis.

## RISK ADJUSTMENT

Forrester risk-adjusted the financial model based on issues and concerns of the interviewed organizations to account for uncertainties in benefit and cost estimates.

# The Specright Customer Journey

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

INDUSTRY	SIZE	INTERVIEWEE	USAGE DETAILS
Prepared fresh foods	\$2B, 10,000 employees	Corporate director, supplier compliance	120 users; 4,000+ specifications
Packaging products	\$4B, 15,000 employees	Senior automation engineering manager	300 users; 30,000 specifications
Packaged fresh foods	\$2B, 8,000 employees	Director, materials management	150 users; 1,000+ specifications
Packaged baked goods	\$4B, 9,000 employees	Vice president, purchasing – packaging	25 users, projected to grow to 100
Beauty products	\$30M, 125 employees	Chief innovation officer	30 users

## The Challenging Pace of Innovation

One of the key challenges for each of the interviewed executives is responding to the increasing pace of innovation in the marketplace.

- > The growing need for “fast” innovation to react to trends and high profile events.** Consumers have come to expect frequent new product news, and everything from chips to cosmetics to pet food now incorporates the latest trendy ingredients, as well as seasonal flavors and colors.
- > The heightened pace of on-pack information changes.** Both consumers and regulatory agencies are looking for transparency from brands, with details of the constantly changing ingredients, formulas, allergens, and product sourcing information reflected accurately on the package.
- > The rapidly evolving consumer demand for personalization.** Consumers want ever more specialized products to meet their unique tastes, nutritional needs, and desires for self-expression, resulting in an explosion of product varieties.

These organizations found that their investment in Specright allowed them to better manage their product and packaging innovation challenges.

- > Enables rapid cross-functional collaboration.** One executive told Forrester, “it had a cultural impact because the petty disputes could be resolved by referring back to a single source of truth, and we could all work on the same thing without being in the same room. Our team dynamics improved, so we could get more done faster.”
- > Speeds new product commercialization.** Specright allowed users to build a bill of materials much more quickly, using ingredients and packaging already in-house, in-inventory, or easily available from approved, regulatory-compliant sources.
- > Facilitates better assessment of new product successes and failures.** With a reliable source of specification data, innovation teams are able to pinpoint items in the bill of materials that foster or hinder market success.
- > Accelerates and smoothes out the product and packaging change management process.** Specright documents all changes associated with a specification, making it easier for everyone to know where changes stand and to identify potential bottlenecks before they slow down the process.

“We’re all investing in trying to use the package to message the consumer better and increase sales, so now we have more than a thousand packaging SKUs we’re managing.”

*Director of materials management, packaged fresh foods*



“You must be able to turn a product over to meet a sales expectation because you don’t get those opportunities every day . . . speed to market is critical.”

*Director of materials management, packaged fresh foods*



## Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected, covered in greater detail in the full study. The composite organization is a global, \$2 billion company which manufactures and sells a range of products to consumers through distributors and retailers. It employs 5,000 people and has 50 plants and warehouses operating in a decentralized fashion.

## Specright Supports Innovation Success

Organizations managing an increasingly fast-paced innovation process are learning the importance of having a single source of truth for accurate specification data. This common understanding about what goes into the organization's current product line speeds information flow and provides a starting point for rapid development of line extensions, product updates and completely new products. In order to improve their speed to market and launch success record, the composite organization invested in Specright because of its easy scalability to a range of functions and roles. As a result, they have been able to introduce more profitable new products each year, and to do so more successfully through pre-launch simulations and reductions in process errors. One interviewee told Forrester, "Specright allowed us to tie formulas and packaging to sales data, so we don't have to make decisions just on team input and intuition, but on actual sales performance. It's changing the way we do business."

The benefit impact experienced by the composite organization is based on the past and current experiences of the five interviewees. While this report focuses on Specright's benefits to innovation teams, those benefits extend beyond the platform's ability to accelerate successful innovation to include direct cost savings and productivity improvements throughout the supply chain. Over three years, the organization expects risk-adjusted total benefits to be a present value (PV) of \$7.5 million.

"Specright allows us to do simulations to understand whether it's worth the investment to launch a specific product. We **don't** launch about twice as many products as we do launch, saving us from costly failures."

*Chief innovation officer, beauty products*



## Total Benefits

BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Revenue from accelerated new product development	\$337,500	\$337,500	\$337,500	\$1,012,500	\$839,313
Revenue from enhanced customer responsiveness	\$135,000	\$135,000	\$135,000	\$405,000	\$335,725
Savings from product and package change management productivity	\$76,946	\$76,946	\$76,946	\$230,839	\$191,354
Material cost savings	\$481,500	\$661,500	\$1,021,500	\$2,164,500	\$1,751,890
Savings from supply chain productivity	\$28,343	\$28,343	\$28,343	\$85,030	\$70,485
Total Benefits (risk-adjusted)	\$1,059,290	\$1,239,290	\$1,599,290	\$3,897,869	\$3,188,767

- › **Revenue from accelerated new product development.** According to an interviewee in the beauty industry, “We have been able to increase our annual new product introductions by over 25%, and we can turn out a new product in three weeks. But it’s not just a matter of creating lots of products. The data in Specright lets us to do simulations to see whether it’s worth the investment to launch a specific product. We **don’t** launch about twice as many products as we do launch, saving us from costly failures.” The composite organization launches one incremental new product each year with sales of \$4.5 million and a 10% margin to yield a three-year risk-adjusted PV of \$839,313.
- › **Revenue from enhanced customer responsiveness.** The composite organization also creates customized versions of its products for a variety of major retailers, and must respond quickly or lose opportunities to competitors. A director in the packaged fresh foods business stated, “you must be able to turn a product over to meet a sales expectation because you don’t get those opportunities every day.....speed to market is critical.” The composite is able to win three of these opportunities each year—single products with average revenue of \$500,000 at a 10% margin—that they would otherwise have lost. This yields a three-year risk-adjusted PV of \$335,725.
- › **Savings from product and packaging change productivity.** The composite and its customers are investing heavily in differentiating their brands through product claims, ingredient lists, and targeted messaging. As a result, they may have hundreds of product and packaging changes in the works, with people from all functions involved. One executive told Forrester, “our process was inefficient, with a lot of emailing back and forth. There were times when we missed things and it got all the way to the customer. Now, I can just click a button and see what was approved when and by whom.” Specright allows the composite to manage all this work with a 60% reduction in time spent trafficking and managing information flow, a PV benefit of \$191,354.
- › **Supply chain cost savings.** Beyond these innovation benefits, the composite organization also experienced substantial cost savings from buying materials more effectively and increasing the productivity of supply chain professionals. These savings together delivered a three-year risk-adjusted benefit of \$1,822,375.

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*Chief innovation officer, beauty products*



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*Senior automation engineering manager, packaging products*



## Specright Costs Are Primarily Subscription Fees

The composite organization experienced two categories of cost associated with the Specright investment. Over three years, the organization expects risk-adjusted total costs to be a PV of \$560,222.

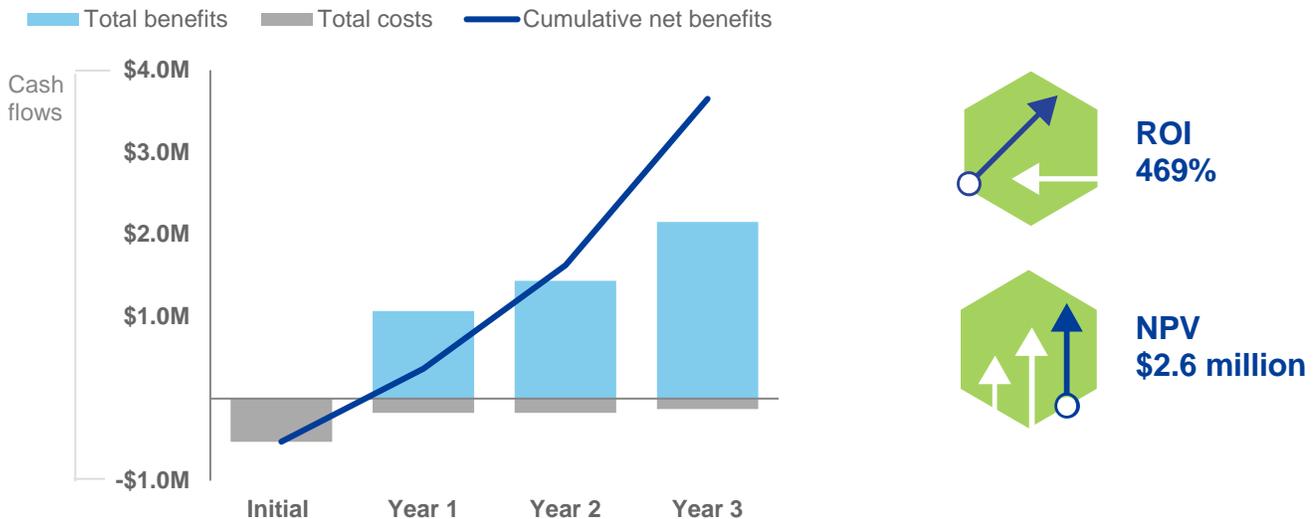
### Total Costs

COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total Fees	\$37,500	\$134,400	\$201,600	\$277,200	\$650,700	\$534,558
Internal training costs	\$0	\$15,220	\$7,496	\$7,496	\$30,213	\$25,664
Total costs (risk-adjusted)	\$37,500	\$149,620	\$209,096	\$284,696	\$680,913	\$560,222

- › **Annual per-user subscription fees.** All of the interviewed executives agreed that the cost of the Specright platform consists almost entirely of the annual licensing fee for the software, along with a smaller upfront fee for onboarding and validating data.
- › **Training costs are minimal, at just over \$30,000.** The Specright platform requires only about five hours of training, split between upfront instruction in the software and on-the-job exploration of the system’s capabilities.

## 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 Specright. Forrester assumes a yearly discount rate of 10% for this analysis.



For more information, you can download the full Specright TEI analysis [here](#).

## Disclosures

The reader should be aware of the following:

- › The study is commissioned by Specright and delivered by Forrester Consulting. It is not meant to be a competitive analysis.
- › Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Specright.
- › Specright reviewed and provided feedback to Forrester. Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning.
- › Specright provided the customer name(s) for the interview(s) but did not participate in the interview(s).

### ABOUT FORRESTER CONSULTING

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### ABOUT TEI

Total Economic Impact™ (TEI) is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility. <https://go.forrester.com/consulting/content-marketing-consulting/>

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