

ECONOMIC VALIDATION

# Analyzing the Economic Benefits of Improving Work Management With Atlassian

ESG Finds that You Can Increase the Efficiency, Quality, and Speed of Collaboration-based Employee Output With Atlassian

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# Introduction

This Economic Validation from TechTarget's Enterprise Strategy Group focuses on the quantitative and qualitative benefits organizations can expect by using Atlassian solutions to improve project management and connected collaboration.

## Challenges

Collaborative working environments can provide substantial benefits to workflows as the synergy of multiple minds and levels of experience can create deeper insights and accelerated timelines when compared to working in isolation. However, many organizations find their attempts at collaborative work are met with hurdles and inefficiencies. Enterprise Strategy Group (ESG) analyzed the challenges faced by companies trying to increase their level of collaborative work and found these to be consistent across most of them:

- **Constant interruptions.** One of the most respected studies on the cost of interruptions, done by UC Berkeley, determined that interruptions cause between 8 and 25 minutes of lost productivity on the task at hand. Furthermore, it found that between 49% and 63% of tasks are interrupted.<sup>1</sup> They also found that interruptions lead to higher exhaustion rates, stress, and human-based errors.
- **Location of relevant information across different sources.** ESG interviewed organizations and found a high level of frustration around the information silos that prevented their employees from finding accurate information. This creates re-work and inconsistencies.
- **Distributed workforces.** As hybrid workforces become the norm, the importance—and challenge—of being able to find information and communicate the status of work across people and teams increases exponentially.
- **Limited project repeatability.** The struggle to review and duplicate previous projects creates a “blank page” problem where everything must be created from scratch. This eliminates the possibility of leveraging insights from historic projects, increases project times and the effort needed to complete the work, and can create an inconsistent level of governance across projects. Organizations that start projects as blank pages find themselves experiencing the same missteps and mistakes that happened in the past.
- **Project duration and cost.** The inability to streamline project creation and learn from previous work increased the length and cost of projects while minimizing the overall impact and success rate of that work.
- **Negative view of project management.** When it is a clunky, inefficient, and forced process, workers often dread and ignore the steps and importance of project management. This diminishes the value of worker effort and lowers the impact of projects.
- **Impact of technical debt.** Organizations with low levels of governance find themselves squandering an average of 40% of their current IT budgets to remedy shortsighted decisions of the past. In addition, the technical debt created by these shortsighted decisions can limit upside potential because of limitations presented by inefficient systems. ESG found that organizations without a structured system for work management have a higher level of technical debt when compared to companies utilizing Atlassian solutions.

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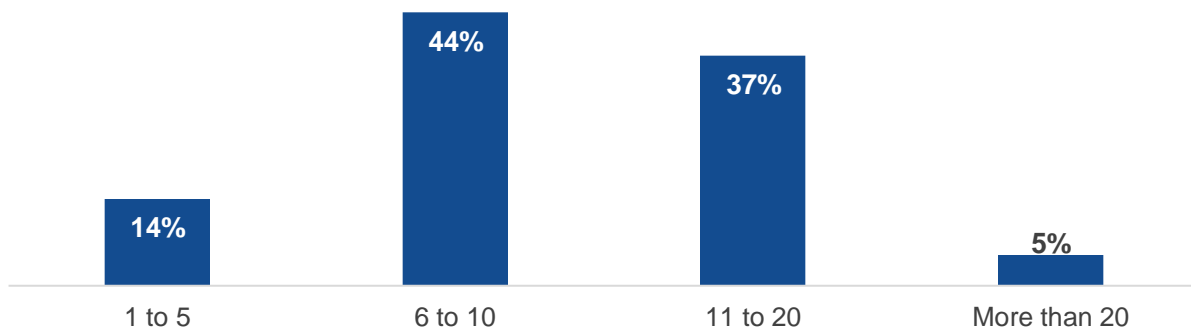
<sup>1</sup> Source: University of California Berkeley, [“The Impact of Interruptions,”](#) 2023.

- Cost of work management tools.** Cost, both in dollars and lost employee efficiency, is higher in organizations without a structured and modern system for work management. Information and collaboration silos within an organization often result in multiple project management tools, each designed to solve a particular problem but not designed to work together.

ESG research found that 86% of companies had six or more communication and collaboration applications running, with 42% having 11 or more (see Figure 1).<sup>2</sup> ESG interviewed customers and found that most of them were currently running a combination of project management, knowledge management, issue tracking, team collaboration, messaging, and teamwork directory solutions. ESG believes that those running multiple disparate or disconnected communication and collaboration apps quickly become exasperated with the context-switching, efficiency losses, costs, and communication silos created.

**Figure 1. 86% of Companies Have 6 or More Communication and Collaboration Applications**

**Approximately how many communication and collaboration applications or platforms are currently supported by your organization? (Percent of respondents, N=347)**



Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Systems that easily incorporate the stored knowledge that exists throughout the organization plus workflows that facilitate active input from project team members increase the effectiveness of employee output. However, organizations that try to capture existing knowledge and present it in a usable fashion often find themselves with systems that inject cost and disruption that offset any potential benefit. Companies need a solution that facilitates collaborative communication and enhances the project management and work of teams.

**The Solution: Atlassian Work Management**

Atlassian is known for its products that help teams organize, manage, and complete project-based and collaborative work. For this analysis, Enterprise Strategy Group (ESG) specifically reviewed the positive impact that Jira Work Management, Confluence, and Atlas can have on collaborative workflows.

**Atlassian Jira** is an issue-tracking platform that helps users organize, track, and work on issues cross-team. There are multiple versions of Jira targeted at different workflows. For this analysis, ESG specifically studied the impact that Jira Work Management has on non-technical business users to help them plan, collaborate, deliver, and report on work.

<sup>2</sup> Source: Enterprise Strategy Group Research Report, [Unified Communication and Collaboration Integrations for Modern Business Workflows](#), February 2023.

**Atlassian Confluence** is a connected workspace for teams to create, organize, and share work. Confluence turns scattered work into a single source of truth. ESG found that teams that use Confluence were able to pull more value out of historic views of information, work better individually by bringing all pertinent information into one place, and work better as a team by sharing a singular workflow that is updated and accurate.

**Atlassian Atlas** is a teamwork directory that integrates a view across teams, applications, and projects. ESG found that organizations using Atlas can work better cross-team and are presented with a clear status of objectives and goals throughout the company.

While each of the Atlassian products ESG studied for this analysis facilitates specific benefits, ESG found a synergy when companies integrate all three products to create a collaborative work management solution (see Figure 2).

**Figure 2.** Atlassian Collaborative Work Management Cornerstones: Jira, Confluence, and Atlas



*Source: Enterprise Strategy Group, a division of TechTarget, Inc.*

## Enterprise Strategy Group Economic Validation

Enterprise Strategy Group (ESG) completed a quantitative economic analysis of Atlassian’s Work Management offering based on Atlassian Jira, Confluence, and Atlas to understand the business and technical impact that the solution can have on meeting their organizational goals.

ESG’s Economic Validation process is a proven method for understanding, validating, quantifying, and modeling the economic value propositions of a product or solution. The process leverages ESG’s core competencies in market and industry analysis, forward-looking research, and technical and economic validation. ESG conducted in-depth interviews with end users to better understand and quantify how Atlassian solutions have affected their organizations, particularly in comparison with previously deployed and/or experienced solutions. The qualitative and quantitative findings were used as the basis for a simple economic model comparing the expected costs and benefits of Atlassian workflows to an environment of individual commercial or self-authored tools.

## Atlassian Work Management Analysis

Enterprise Strategy Group (ESG) economic analysis revealed that Atlassian's Work Management solution provides its customers with significant savings and benefits in the following categories:

- **Enhanced worker efficiency.** Improvement in both the quantity and quality of worker output leads to a higher contribution to company success as well as increased employee job satisfaction.
- **Improved project quality.** Project workflows that are better aligned with the desired output goals create a higher level of project success and overall impact.
- **Improved project financials.** The lowered cost of projects as well as improved financial impact of the project outcomes create a more favorable economic condition for organizations.

## Enhanced Worker Efficiency

When examining the impact of project and collaboration-based workers, ESG had to consider the roles and workflows of both individuals and teams. While there were significant differences in what the studied companies considered a project or in the size of teams, there were common and consistent benefits that all interviewees reported from Atlassian's Work Management products. These include:

- **Reduced number of irrelevant contacts and interruptions.** With studies showing that each interruption in workflow costs between 8 and 25 minutes of productivity, each interruption comes with an expense attached to the effectiveness of a workflow each time a worker switches screens or contexts. While some interruptions may offer information that pushes initiatives forward, an average of 60% are irrelevant. ESG found that irrelevant interruptions can be decreased by 35% with Atlassian Work Management, from 21 per person per week down to 13 per week, because of better workflow and notification automation. Additionally, ESG found that the average productivity lost per interruption instance lowered from 7 minutes down to 4.2 because of the ability to find people and information without leaving the Atlassian interface. From a manager's point of view, the ability to instantly get updates on project or issue status saves them time and limits the need to reach out for updates. In one interview, a customer shared that the clarity in Atlassian, reporting, "Saves us almost an hour per week, per employee because the correct people always have access to updated status reports."
- **Reduced time searching for information.** Across the organizations interviewed, ESG found workers involved with project and information worker-type roles spend an average of 40% of their time searching for information. These same interviewees believed that time spent searching was reduced by at least 50% since they adopted Atlassian Work Management products. ESG believes that this benefit scaled past 50% when all three Work Management products were adopted. When projected against ESG's sample company used for our financial model, this is over 780K hours of worker productivity recovered per year. Driving these hours back into work-related activities equates to \$8.1M of profit generated annually. Another factor specifically called out as beneficial is the impact that newly released AI is having on content creation, with one sharing, "The AI feature of content creation is a game changer. The quality of our content has gone up exponentially since this was added." ESG believes that this increase in content quality will enhance the search for information.
- **Remote worker enablement.** One of the challenges of enabling remote or hybrid workforces is the ability to enable workers as if they were sitting in the same office. ESG found that Atlassian customers were able to better empower remote workforces, increasing both effectiveness and worker engagement in their company culture by creating the same type of collaboration as if they were all sitting in the same room.

**"We used to see our workers rely on sticky notes to store information. Sticky notes are 1-to-1 knowledge. With Confluence, everyone can benefit from knowledge, and we know it is being used consistently across teams."**

- **Improved time to value of new employees.** Interviewees reported an average of 18% turnover in information/project-based employees, especially in those with less than a year of tenure. They shared that the average time to value (i.e., the period from new hire until the employee is producing more than their burdened cost) for new employees was 4.0 months in the past and 2.4 months with Atlassian Work Management. Overall, our modeled organization showed a benefit of 32.7 full-time equivalent heads recovered by accelerating new employee time to value, providing a \$814K realized annual revenue benefit. Although not quantified, they also believed that their retention rate for new hires improved directly from the ability of their Atlassian ecosystem to empower employees in the learning phase.
- **Reduced redundancy.** Not quantified but reported by two-thirds of interviewees is the belief that they have reduced redundant effort because of Atlassian Work Management. This benefit raises the quantified total of many of the categories above and covers multiple employees working on the same things as well as work that recreates knowledge that already exists.
- **More effective integrations.** ESG found that the ability of Atlassian products to integrate with others stands out as a clear benefit. Interviewees reported that the quality, security, and cost-effectiveness of integrations, both within Atlassian products and with external partners, enabled their workforce to do more than in the past.

**“Once we had the visibility that Atlassian can bring we were shocked to see how many redundant projects we had throughout our company. We were able to shift efforts to support the best of breed projects and move the redundant resources to work that was more valuable”.**

## Improved Project Quality

ESG interviews with users of Atlassian Work Management products also uncovered several benefits in terms of project quality. These include:

- **Increase in project success rate.** ESG was unable to determine a standard for what project success rate means to the average organization but was able to validate the average of 57% reported by interviewed customers.<sup>3</sup> These interviewees also reported that their success rate increased to 75% since adopting Atlassian Work Management solutions, for an 18% increase in overall project success. One interviewee said, “We are much better at meeting the service-level objectives of our projects since we deployed Atlassian’s Work Management products. We are more predictable, have better on-time rates, have better reporting, and have seen a stronger match between initial project goals and final results.”
- **Improved employee satisfaction.** Every interviewed organization shared that their employees are happier, more engaged, and more productive since deploying Atlassian Work Management products. They believe that it can reduce their employee turnover by 10%. In ESG’s financial model, this 10% equates to a reduction of 45 employees lost per year, saving \$1.86M in the cost of employee turnover.

**“With Confluence, we have seen more employees contributing information instead of just always consuming. This has empowered employees and brings them into our company culture. They are happier, stay longer, and produce more when they feel empowered.”**

<sup>3</sup> Source: Dr Philippe Ruiz, “[Project success and new ventures’ outcomes: How often do partners’ potential benefits and losses really converge?](#),” January 2017.

- **Increased governance.** ESG believes that organizations using Atlassian Work Management products will see an improved level of governance. This stems from factors including reusable project structures, templated examples, being able to quickly find an authoritative piece of information, being able to quickly map people to information to projects, better oversight, and the capability to automatically include or exclude the appropriate contacts in a workflow. ESG also believes that when projects have a higher level of consistency, their positive impact will increase.

## Improved Financials

ESG found financial benefits of Atlassian Work Management hit both ends of the spectrum: lower costs and improved revenue. These benefits stem from:

- **Shortened length of projects.** While the definition of what constitutes a project varied across the organizations studied for this validation, ESG calculated the average of 398 projects per organization per year, each of which lasts eight weeks and involves nine people. Based on customer interviews, ESG’s financial model shows a 10% improvement in the number of projects that can be supported per year and a 25% reduction in the length of all projects. The output of this improvement is \$2M in annual revenue.
- **Tool replacement.** Organizations interviewed for this analysis had a variety of backgrounds. Some are adding additional Atlassian products to their mix and are now seeing synergy in their work management. Many came from a mix of alternative or home-grown solutions. While ESG did not include the alleviated costs of alternative tools in our calculations, customer-provided examples showed tool licenses that Atlassian replaced far exceeded the cost of the Atlassian solution and revealed scenarios where external tool costs were substantially reduced through the functionality of Atlassian integrations.
- **Better-quality decisions.** ESG found that managers in Atlassian Work Management environments were better informed on project status, employee utilization, and information gained from activities than they were in their previous environments. Interviewed customers reported that their leadership was kept more up-to-date, with less effort needed from all parties, and able to make better-informed decisions. One interviewee said, “Confluence gives us the ability to quickly share information, collaborate in real-time, and allows us to make decisions faster and with more consensus. The Summarize feature is fantastic for our managers. They save time, and make better decisions.”
- **Increased revenue.** In each customer interview, ESG discussed the overarching benefit of Atlassian. Each customer interviewed shared a belief that their organization’s revenue had increased by at least one-half percent because of the functionality of Atlassian Work Management. While many of the benefits described earlier in this paper are part of that one-half percent, the financial impact of that level of increase on our model company is \$2.25M per year in new revenue which equates to \$675K in added profit.

**“Our customer satisfaction rating has increased from 96.7% to 98.9% since we deployed Confluence and Jira. The clarity and certainty that we are able to bring to our customers help us solve issues on the first contact, keep our customers happy, and directly map to keeping them as customers longer and improving our profitability.”**

**“Atlassian is lower cost than our old solution, but it isn’t just a replacement. Because licenses are more affordable, we are now able to empower more employees than we could in our old environment.”**

## Enterprise Strategy Group Analysis

Enterprise Strategy Group (ESG) leveraged the information collected through vendor-provided material, public and industry knowledge of economics and technologies, and the results of customer interviews to create a three-year TCO/ROI model that compares the costs and benefits of Atlassian Jira, Confluence, and Atlas with alternative



solutions. ESG’s interviews with customers who have recently made the transition, combined with experience and expertise in economic modeling and technical validation of collaborative workflows, helped to form the basis for our modeled scenario.

ESG’s modeled scenario projects benefits of a 2,500-person organization, of which an average of 700 are involved in active project-based collaboration at any point in time and in which every employee is considered an information/collaboration-based role consuming or contributing to the content presented in Atlassian Work Management products. Their workforce is 40% remote, with the opportunity to expand to 52% in the next three years. Their revenue is \$450M per year with a 30% profit margin.

Because every alleviated cost or recovered hour is not driven back into activities that generate positive business, ESG has applied realization factors to each benefit to provide a realistic view of how each benefit could impact revenue and profitability (see Table 1).

**Table 1. Benefit Areas and Realization Factors (Annual Benefits)**

Category	Potential Benefit	Realization Factor	Realized Benefit
Reduced Interruptions	\$9,183,204	10%	\$918,320
Manager Updates	\$215,033	100%	\$215,033
Context Switching	\$22,581,650	20%	\$4,516,330
Remove Work Enablement	\$5,400,000	30%	\$1,620,000
Time Spent Searching	\$20,250,000	40%	\$8,100,000
Improved Time to Value	\$1,629,969	50%	\$814,985
Increase in Project Success	\$4,050,000	50%	\$2,025,000
Employee Satisfaction	\$2,322,540	80%	\$1,858,032
Improved Project Value	\$6,614,322	40%	\$2,645,729

*Source: Enterprise Strategy Group, a division of TechTarget, Inc.*

While each organization’s needs and situation are different, ESG believes that these benefits will translate linearly to most industries, company structures, and work environments. The achievement of these benefits is the result of a combination of technology and adopted best practices.

## Conclusion

For many organizations, their product is the output of their people, and their biggest challenges lie in finding ways to empower their workers. Typical companies struggle with incorporating the flow of information across their workflows. This often forces people to be involved in projects even if they are not truly needed, limits efficiency, prevents leaders from being in the loop, and squanders some of the benefits of working in teams. This is particularly true as more contributors choose to work remotely and companies try to provide a consistent collaborative culture across local offices, remote workers, and geographies.

Enterprise Strategy Group (ESG) studied the impact that Atlassian's Jira Work Management, Confluence, and Atlas can have on an organization's ability to meet its business and technology goals. These three products, referred to as Atlassian's Work Management solution, enable teams to work more effectively in a predictable and consistent manner. ESG interviewed Atlassian customers, reviewed existing case studies and publicly available material, and incorporated ESG research and analyst expertise to create a financial model projecting the benefits of Atlassian Work Management across a sample organization. It found substantial improvements in areas including worker efficiency, project quality, and financials.

ESG believes that organizations that utilize projects or teams to aggregate, track, and review information should explore the impact that Atlassian Confluence, Jira, and Atlas can have on their ability to meet business and technical goals.

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