

# The Total Economic Impact™ Of Atlassian Cloud For Small Digital Native, Technology Providers

In May 2021, Forrester completed a Total Economic Impact™ (TEI) study of [Jira Software and Confluence on Atlassian Cloud](#).<sup>1</sup> The composite financial model built in the study included feedback and experiences from four customers that range from large global retailers with decades of corporate history to small technology providers that can be classified as digital natives. The TEI of Atlassian Cloud, prior state challenges, and largest areas of gain for these younger, smaller digital natives slightly differ from that of larger companies with longer histories.

Deploying Jira Software and Confluence on Atlassian Cloud provides organizations with similar benefits of those applications while also gaining benefits of a software-as-a-service (SaaS) solution, including scalability, consistency and quality in upgrades, and avoidance in hardware and maintenance costs.

For digital native customer interviewees, there are three main differentiators in the benefits that they experienced versus those of the larger companies with longer histories that were interviewed for the TEI study:

- For productivity benefits, stronger focus on reduction of issues related to Jira Software and Confluence rather than reducing customization development and maintenance.
- Increasing collaboration and usage of Confluence, thus enabling software and license consolidation conversations about overlapping applications.
- Even if the investment cost for a small digital native and a large global retailer were the same, the importance of Atlassian Cloud is even higher



Return on investment (ROI)  
**155%**



Net present value (NPV)  
**\$1.09M**

for the digital native interviewees as their products and offerings to the market rely on a successful Atlassian Cloud deployment, while the large global retail interviewees only relied on Atlassian Cloud for a portion of their business, namely digital operations.

## KEY CHALLENGES

Digital native customers struggled with common challenges including:

- **Increasing reliability issues and related tickets.** In recent years, and especially in the past year of increased work from home (WFH) activity, IT teams received an increasing amount of issues related to software reliability. Tickets ranged from slow speeds, permissions, a customization not working or requiring updates, or some type of VPN issue. One interviewee even mentioned that the last six months before migrating to Atlassian Cloud were particularly hectic and seemed like the team was rebooting a



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server two to four times a month to address some of the user issues.

- **Continued digital transformation and evolution towards cloud first.** Not all digital natives are able to operate completely on the cloud as it depends on the applications they choose to run. For the customers in this study, Atlassian was one of the final components that have not migrated to cloud yet and posed as a lagging thread on digital transformation roadmaps.
- **Upcoming hardware refresh.** As part of the digital transformation roadmap, some hardware refresh cycles will invariably create a decision point for buy versus build. For smaller enterprises, the decision factor may often focus mostly on server and maintenance, but could also include ancillary components that larger enterprises often plan for like backup, disaster recovery, security, bandwidth, and load balancing.

**“There will always be laggards who complain about something, but reality is that 90% of those complaints were gone once we moved to Atlassian Cloud.”**

*Head of cybersecurity, regional technology company*

## INVESTMENT DRIVERS

The interviewed organizations searched for a solution that could:

- Align and accelerate their adoption of a cloud-first strategy and agile methodology.
- Provide relief for infrastructure-related issues and refresh cost avoidance.

- Require minimal change management and training for the user base.

After evaluating several options and testing Atlassian Cloud, organizations developed their business cases. Each chose Atlassian Cloud because it:

- Provided a logical next step in cloud migration for on-prem tools that have been used and liked by the user base.
- Showed a reasonable return and breakeven based primarily on total cost of ownership (TCO).
- Projected an even higher return when coupled with estimated productivity benefits related to reducing issues and ability to replace customizations with new, built-in functionality.

## KEY RESULTS

The TEI study’s composite model features three quantified benefits listed below with three-year risk-adjusted present values. Additionally, there are three primary differentiators for small digital native companies to keep in mind.

### **Benefit: Cloud productivity (\$1,140,036).**

- The adoption of Atlassian Cloud is part of a larger digital transformation that puts cloud solutions and agile at the forefront for interviewed customers. Two goals were often discussed as part of deploying Atlassian Cloud. Customizations to Jira Software were pain points for the on-premises deployment as they took time and effort to develop, update, and maintain — from functionality to security. Migrating to the cloud creates a sort of “reset” and brings all 100 product teams back to a shared standard and avoids more than 4 FTEs for customization maintenance time and effort. This first goal typically holds a greater importance for larger organizations that have longer histories and budgets to accommodate complex and high volumes of customizations.

- In recent years, and especially during periods with heavier work-from-home (WFH) activity, customers also noticed that its on-premises deployments of Jira Software and Confluence were not very stable or reliable. Users were submitting around 45 tickets per month, and issues ranged from slow speeds, permissions, a customization not working or requiring updates, or some type of VPN issue. One customer highlighted a 90% reduction in related tickets after deploying Atlassian Cloud.

**Benefit: Cloud cost avoidance in hardware and maintenance (\$240,505).**

- A primary expected benefit in cloud migration is the avoidance of having to buy or own hardware and the recurring cost to maintain and upgrade it. The composite model accounts for a hardware refresh cost avoidance in Year 1 and recurring maintenance cost avoidance each year thereafter.

**Benefit: Cloud cost avoidance in software (\$413,439).**

- Decision-makers often forget to include the cost of prior-state software as a benefit. As organizations adopt new cloud software, they can reasonably expect to decommission the prior state, on-premises software and related add-ons. The composite model accounts for decommissioning Jira Software server and Confluence server costs as well as related add-ons and plugins.

**Digital native differentiator: Focus on reducing issues rather than customizations.**

- Digital native customers did not have the volume or complexity of customizations that companies with longer histories and larger budgets had. This means the productivity benefits for digital natives focused less on reducing customization maintenance, but more on reducing issues and tickets related to speed or performance of Jira

Software and Confluence. This does not mean that small companies can write off the benefit of reducing customizations, but customizations, plug-ins, and add-ons that required any type of development and maintenance are a smaller portion of the benefit formula.

**Digital native differentiator: Accelerated collaboration and software consolidation.**

- Digital native customers experienced an accelerated rate of collaboration leveraging Confluence. One digital native customer doubled usage based on page views by increasing from 3,000 per month to 6,000 per month after deploying Confluence on Atlassian Cloud. Furthermore, this materially reduced the use of another collaboration and documentation tool, which provided an opportunity for the company to discuss software and license consolidation.

**Digital native differentiator: Heavier weight on the importance of a successful deployment.**

- The two digital native interviewees in this study sold software products to the market. These technology providers place a heavier weight on the importance of Atlassian Cloud as their revenue-to-investment cost ratio is higher. The successful deployment of Atlassian Cloud for these technology providers is tied to almost 100% of their revenue and products because Atlassian is a core component in creating, supporting, and maintaining their products. Non-technology providers only rely on Atlassian Cloud for digital operations and the retailers in this study had non-digital channels, like brick-and-mortar stores, to capture revenue. Therefore, even though the two types of interviewed customers had a similar range of 600 to 800 licensed users, that cost goes a much longer way for the digital natives as it enables a larger portion of revenue versus the large global retailers.

## TOTAL ECONOMIC IMPACT ANALYSIS

For more information, download the full study: “The Total Economic Impact™ Of Atlassian Cloud,” a commissioned study conducted by Forrester Consulting on behalf of Atlassian, May 2021.

### STUDY FINDINGS

Forrester interviewed four organizations with experience using the Cloud and combined the results into a three-year composite organization financial analysis. Risk-adjusted present value (PV) quantified benefits include:

- Cloud productivity enabled by the reduction of tickets, resolution workload, and customization maintenance.
- Cloud cost avoidance in hardware and maintenance enabled by refresh cycle and related maintenance avoided.
- Cloud cost avoidance in software enabled by decommissioning licenses for Jira Software server, Confluence server, and other add-ons, plug-ins, and related or overlapping software.



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## Appendix A: Endnotes

<sup>1</sup> 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.

### DISCLOSURES

The reader should be aware of the following:

- The study is commissioned by Atlassian 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 Atlassian Cloud.
- Atlassian 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.
- Atlassian provided the customer names for the interviews but did not participate in the interviews.

### 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.

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