The Total Economic Impact™
Of Tanium

Cost Savings And Business Benefits
Enabled By The Tanium Endpoint Management And Security Platform

NOVEMBER 2021
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ABOUT FORRESTER CONSULTING

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Executive Summary

Tanium helps organizations secure and manage endpoints from a single platform. The Tanium platform starts with a foundational core that identifies and provides visibility to endpoints wherever they may exist once they are connected to an organization’s network. Built on this foundation are modules that can help organizations maintain visibility and manage and control endpoints at scale and speed, which makes Tanium an endpoint management tool embedded with security and risk-mitigating capabilities.

The Tanium endpoint management and security platform enables access and intelligence to an organization’s endpoints wherever they exist, which provides real-time visibility, context, and the ability to quickly take actions to better manage and secure environments.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using the Tanium endpoint management and security platform. For the purposes of this study, Forrester aggregated the interviewees’ experiences and combined the results into a single composite organization.

These interviewees said that prior to using Tanium, their organizations employed multiple siloed software solutions and used other manual processes to manage and secure endpoints. However, prior attempts yielded limited success and left the organizations with unidentified endpoints and limited visibility of the scope of the environments. These limitations led to vulnerable environments because management and security measures were not always guaranteed.

After the investment in Tanium, the interviewees’ organizations identified and gained visibility of more than 98% of the endpoints within their environments. Key results from the investment include having a clearer understanding of the environments and improving the ability to accurately manage and secure endpoints.

<table>
<thead>
<tr>
<th>KEY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Investment (ROI)</td>
</tr>
<tr>
<td>Net present value (NPV)</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Tools consolidation savings of more than $2.4 million.** Tanium reduced the number of siloed point solutions the interviewees’ organizations used for endpoint identification, management, and security. For the composite organization, eliminating four tools in Year 1 and another in Year 2 leads to savings of $2.4 million over three years.

- **Idle software licenses reclamation savings of $1.7 million.** With Tanium’s lightweight agent installed on endpoints, the interviewees’ organizations gained the ability to scan each endpoint for underutilized or idle software. Identifying and reducing the number of unneeded licenses saves the composite organization more than $1.7 million over three years.

- **FTE efficiency savings of $1.2 million.** Interviewees said their organizations needed fewer FTEs to manage and secure their environments using Tanium. Tanium improved process execution by unifying tools to improve efficiency, performance, and decision-making, and by allowing customers to redeploy IT resources to strategic projects or to realize cost avoidance from headcount management. Tanium also automated many tasks like system scans and patching that the organizations used to perform manually or less efficiently with other tools. This saves the composite organization close to $1.2 million over three years.

A core benefit is that Tanium is able to have persistence in a network. It’s able to sprawl the network and make sure that its agent is actively enabled on all endpoints within that subnet. That is something that I haven’t seen from other tools today, and it’s definitely something that sets Tanium apart.

— VP of global infrastructure and technology operations, financial services
Unquantified benefits. Benefits that are not quantified for this study include:

- **Improving visibility to more than 98% of all endpoints in the environment.** Tanium uses a linear-chain architecture that makes every endpoint a vector for discovering any endpoint linked to its LAN. This paradigm ensures that discovery still happens even around failed or unavailable relay servers. Since organizations can only manage what they can see, having visibility to more than 98% of endpoints ensured better management and security results within the environments.

- **Providing efficient vulnerability scanning due to the presence of Tanium agents on endpoints.** The linear chain architecture and lightweight Tanium agents on endpoints ensured that each managed endpoint maintained an awareness of nearby machines on the network by periodically contacting the Tanium server to get a concise update on the current state of its neighbors. This made it easier for the interviewees’ organizations to quickly identify and remediate vulnerabilities that could cause data breaches or business-disrupting outages.

- **Allowing better collaboration between security and operations teams.** IT operations and security teams worked from a common console and endpoint datasets that served as a single source of the truth at speeds that make collaboration easier.

Costs. Risk-adjusted PV costs include:

- **Tanium software costs of $1.3 million over three years.** This includes the cost of the Tanium core ($200,000 per year) and five modules to form an operations/security bundle ($300,000 per year).

- **Internal planning, training, and implementation costs of $110,000 over three years.** The composite organization spends $60,000 for initial hardware and proof-of-concept (POC) cost and $50,000 for implementation and training employees to use the platform.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $5.3 million over three years versus costs of $1.4 million, adding up to a net present value (NPV) of $3.9 million and an ROI of 277%.
EXECUTIVE SUMMARY

277% ROI
$5.3M Revenue PV
$3.9M NPV
<6 months Payback

Benefits (Three-Year)

Tools consolidation savings $2.4M
Idle software reclamation savings $1.7M
Endpoint security/management FTE efficiency savings $1.2M
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 the Tanium endpoint management and security platform.

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 Tanium can have on an organization.

**DUE DILIGENCE**
Interviewed Tanium stakeholders and Forrester analysts to gather data relative to the Tanium endpoint management and security platform.

**CUSTOMER INTERVIEWS**
Interviewed four decision-makers at organizations using the Tanium endpoint management and security platform to obtain data with respect to 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 interviewed organizations.

**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.

**DISCLOSURES**
Readers should be aware of the following:

This study is commissioned by Tanium 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 the Tanium Endpoint management and security platform.

Tanium 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.

Tanium provided the customer names for the interviews but did not participate in the interviews.
The Tanium Customer Journey

Drivers leading to the Tanium endpoint management and security platform investment

### KEY CHALLENGES

The interviewees said their organizations struggled with common challenges, including:

- **Being unable to tell how many endpoints the organization had.** IT teams were not sure of exactly how many endpoints existed in their organization’s environment, which made it difficult to manage, maintain inventory of, and distribute software and patches for thousands of endpoints. This often led to software version sprawl and vulnerabilities that could cause data breaches or business-disrupting outages.

- **Using siloed security and operations tools and processes.** IT security and operations teams functioned independently and often interfered with each other’s activities because goals, tools, and processes were not aligned.

- **Having too many dedicated point solutions for security and operations.** Because IT teams worked in siloes, they also had numerous point solutions that made it difficult to manage their organizations’ environments. They spent many FTE hours learning to operate very narrowly focused point solutions.

- **Using expensive and intrusive point solutions.** Many of the organizations’ point solutions were very expensive and intrusive. Some of the tools even disrupted endpoints during use and hindered business units from efficiently performing their core functions.

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“In the vulnerability management space, we had a point solution that was expensive. It would scan through networks for vulnerabilities and, whenever it touched a sensitive network that had plants or manufacturing equipment on the other end of it, it would break things, occasionally cause outages, and other problems. We were compelled to replace that. And the nice thing about it is that Tanium is already on the device.”

— Security director, agribusiness

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### Interviewed Decision-Makers

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Industry</th>
<th>Annual revenue</th>
<th>Number of managed endpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security director</td>
<td>Agribusiness</td>
<td>$114 billion</td>
<td>100,000</td>
</tr>
<tr>
<td>Security and operations engineering director</td>
<td>Manufacturing</td>
<td>$13 billion</td>
<td>57,000</td>
</tr>
<tr>
<td>IT director</td>
<td>Financial services</td>
<td>$8 billion</td>
<td>25,000</td>
</tr>
<tr>
<td>VP of global infrastructure and technology</td>
<td>Financial services</td>
<td>$69 billion</td>
<td>100,000</td>
</tr>
<tr>
<td>operations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- Help discover and keep visibility of all endpoints within the IT environment.
- Allow the organization to deploy new software and patches fast and accurately.
- Provide an easier and faster way to manage and secure endpoints in case of any threats or intrusion.
- Offer a reliable solution at a good price point.

After an RFP and a business-case process evaluating multiple vendors, the interviewees’ organizations chose Tanium and began deployment.

- All four of the interviewees’ organizations chose to take a phased approach to deployment. They each began with Tanium core, then expanded to modules that were most important to their respective industries.
- Three of the interviewees’ organizations started with security-related modules, while one started with operations-related modules.
- By Year 2 of their investments, each of the interviewees’ organizations had expanded to modules covering both security and operations. They averaged five additional modules each.

KEY ASSUMPTIONS

$1 billion in revenue
$500K in annual Tanium spend
Uses Tanium core and five additional modules
Deploys both security and operations modules

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 decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite is an international, billion-dollar B2C services organization that provides sales, customer support, and service/warranty support for its consumer products virtually and physically. It has a strong brand, international operations, a large customer base of about 10 million customers, and a strong presence online and offline. The average value of its products is $80.

Deployment characteristics. The composite organization has international operations across 30 regional offices and 18,000 employees. It adds about one or two offices through acquisitions every several years as it penetrates new international markets.
### Analysis Of Benefits

#### Quantified benefit data

<table>
<thead>
<tr>
<th>Ref</th>
<th>Benefit</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atr</td>
<td>Tools consolidation savings</td>
<td>$850,000</td>
<td>$1,062,500</td>
<td>$1,062,500</td>
<td>$2,975,000</td>
<td>$2,449,098</td>
</tr>
<tr>
<td>Btr</td>
<td>Idle software reclamation savings</td>
<td>$684,000</td>
<td>$684,000</td>
<td>$684,000</td>
<td>$2,052,000</td>
<td>$1,701,007</td>
</tr>
<tr>
<td>Ctr</td>
<td>Endpoint security/management FTE efficiency savings</td>
<td>$474,240</td>
<td>$474,240</td>
<td>$474,240</td>
<td>$1,422,720</td>
<td>$1,179,365</td>
</tr>
<tr>
<td></td>
<td>Total benefits (risk-adjusted)</td>
<td>$2,008,240</td>
<td>$2,220,740</td>
<td>$2,220,740</td>
<td>$6,449,720</td>
<td>$5,329,470</td>
</tr>
</tbody>
</table>

### TOOLS CONSOLIDATION SAVINGS

#### Evidence and data. Before investing in Tanium, the interviewees’ organizations used multiple siloed tools to accomplish security and operations tasks. These tools were difficult to manage and track.

- A security director in the agribusiness industry said: “Before Tanium came around, we had a lot of point solutions. We had a dedicated solution for vulnerability scanning, a dedicated solution for network scanning, and a dedicated solution or several for hunting and threat-response activities.”

- The same interviewee said: “Tanium started as a security use case in our organization, and we’ve expanded it. We’ve done most of what we can in the security space, and now we’re inching into operational things. We might purchase a couple of additional modules to eliminate even more point solutions. We were able to eliminate more than a million dollars’ worth of spend in other point solutions once we brought Tanium in place.”

#### Modeling and assumptions. To model this benefit, Forester assumes the following about the composite organization:

- The composite used a baseline of seven independent point solutions before deploying Tanium.

- The composite eliminates four silo point solutions in Year 1 and one more by Year 2, leaving just the Tanium platform and two other backup solutions.

- The average annual cost of a legacy point solution is $250,000.

#### Risks. Variables that may impact this benefit include:

- The complexity of the organization’s IT environment and the number of legacy point solutions being used.

- The average cost of each legacy point solution that Tanium will replace.

- The industry the organization is in.

- The Tanium modules the organization needs to support its environment.

#### Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2.4 million.
ANALYSIS OF BENEFITS

### Tools Consolidation Savings

<table>
<thead>
<tr>
<th>Ref</th>
<th>Metric</th>
<th>Source</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Average number of legacy tools used before deploying Tanium</td>
<td>Interviews</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>A2</td>
<td>Average number of legacy tools after deploying Tanium</td>
<td>Interviews</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>A3</td>
<td>Number of tools eliminated</td>
<td>A1-A2</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>A4</td>
<td>Average cost per legacy tool</td>
<td>Interviews</td>
<td>$250,000</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>At</td>
<td>Tools consolidation savings</td>
<td>A3*A4</td>
<td>$1,000,000</td>
<td>$1,250,000</td>
<td>$1,250,000</td>
</tr>
<tr>
<td></td>
<td>Risk adjustment</td>
<td>↓15%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atr</td>
<td>Tools consolidation savings (risk-adjusted)</td>
<td></td>
<td>$850,000</td>
<td>$1,062,500</td>
<td>$1,062,500</td>
</tr>
</tbody>
</table>

Three-year total: $2,975,000
Three-year present value: $2,449,098

### IDLE SOFTWARE RECLAMATION SAVINGS

**Evidence and data.** Interviewees said Tanium allowed their organizations to explore their environments for unmanaged assets and the software loaded in them. They were also able to discover unused software on managed endpoints. This made it possible to right-size license volumes, which saved the organizations money.

The security director in the agribusiness industry said: “Tanium allows us to create custom content to collect information on all sorts of company-unique things. For example, what is the licensing usage for an expensive application used in our R&D department where a license might cost $15,000 per person? So, we do some licensing management and licensing reporting to help with that.”

**Modeling and assumptions.** To model this benefit, Forrester assumes the following about the composite organization:

- The composite identifies eight applications with high volumes of licenses within its environment.
- With Tanium, the composite scans and identifies 1,000 idle licenses on both managed and previously unmanaged endpoints.
- The average cost of an idle license is $95.

**Risks.** Variables that may impact this benefit include:

- The average number of licensed applications the organization uses.
- The license cost for applications that will be reduced or eliminated.
- The organization’s internal controls on how many licenses are bought and maintained.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1.7 million.
## Idle Software Reclamation Savings

<table>
<thead>
<tr>
<th>Ref</th>
<th>Metric</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Average number of unused applications discovered</td>
<td>Interviews</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>B2</td>
<td>Average number of unused licenses per application</td>
<td>Interviews</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>B3</td>
<td>Average cost per unused license</td>
<td>Interviews</td>
<td>$95</td>
<td>$95</td>
<td>$95</td>
</tr>
<tr>
<td>Bt</td>
<td>Idle software reclamation savings</td>
<td>B1<em>B2</em>B3</td>
<td>$760,000</td>
<td>$760,000</td>
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</tr>
<tr>
<td>Bt</td>
<td>Risk adjustment ↓10%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Btr</td>
<td>Idle software reclamation savings (risk-adjusted)</td>
<td></td>
<td>$684,000</td>
<td>$684,000</td>
<td>$684,000</td>
</tr>
</tbody>
</table>

Three-year total: $2,052,000  
Three-year present value: $1,701,007

## ENDPOINT SECURITY/MANAGEMENT FTE EFFICIENCY SAVINGS

**Evidence and data.** Tanium helped the interviewees’ organizations consolidate IT functions, and it automated many endpoint security and management tasks. This reduced the number of FTE hours needed to manage and secure endpoints within their environments.

- The security director in the agribusiness industry said: “Last year, we were able to reassign one to two FTEs from each of the other point solutions, and we only added one FTE to the Tanium side.”
- A security and operations engineering director at a manufacturing company said: “I have two people who prepare and deploy packages. They also typically manage the creation of reports, and they support other operations teams. In a traditional environment before Tanium, that would take at least three times more FTEs.”

**Modeling and assumptions.** To model this benefit, Forrester assumes the following about the composite organization:

- Eight FTEs working 2,080 hours each previously managed the legacy environment using point solutions and other manual processes.

- After deploying Tanium, five FTEs are reassigned to other productive tasks due to efficiencies generated by automation and the speed of software deployment using Tanium’s linear-chain architecture.
- The fully burdened hourly rate of an FTE is $48.

**Risks.** Variables that may impact this benefit include:

- The number and complexity of point solutions the organization uses within its environment.
- The skill sets of the FTEs who will be reassigned.
- The skill sets of the FTEs who will operate the Tanium platform.
- The scale of the organization’s IT environment and the baseline inefficiencies that exist within it.
- The pay rate of FTEs.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $1.2 million.
Endpoint Security/Management FTE Efficiency Savings

<table>
<thead>
<tr>
<th>Ref</th>
<th>Metric</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>FTE time used before deploying Tanium (hours)</td>
<td>Composite</td>
<td>16,640</td>
<td>16,640</td>
<td>16,640</td>
</tr>
<tr>
<td>C2</td>
<td>FTE time used after deploying Tanium (hours)</td>
<td>Composite</td>
<td>6,240</td>
<td>6,240</td>
<td>6,240</td>
</tr>
<tr>
<td>C3</td>
<td>FTE time saved (hours)</td>
<td>B1-B2</td>
<td>10,400</td>
<td>10,400</td>
<td>10,400</td>
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<tr>
<td>C4</td>
<td>FTE hourly rate</td>
<td>Assumption</td>
<td>$48</td>
<td>$48</td>
<td>$48</td>
</tr>
<tr>
<td>Ct</td>
<td>Endpoint security/management FTE efficiency savings</td>
<td>C3*C4</td>
<td>$499,200</td>
<td>$499,200</td>
<td>$499,200</td>
</tr>
<tr>
<td>Ctr</td>
<td>Endpoint security/management FTE efficiency savings (risk-adjusted)</td>
<td>▼5%</td>
<td>$474,240</td>
<td>$474,240</td>
<td>$474,240</td>
</tr>
</tbody>
</table>

Three-year total: $1,422,720

Three-year present value: $1,179,365

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Improving visibility to more than 98% of all endpoints in the environment.** Tanium overcomes the limitations of hub-and-spoke architectures by decentralizing management intelligence directly onto individual endpoints through a single, lightweight agent. Each managed endpoint maintains an awareness of nearby machines on the network by periodically contacting the Tanium server to get a concise update on the current state of its neighbors. This interaction automatically pairs each endpoint with the optimal client to receive information from the endpoint while also passing that information to a different endpoint. This process forms a series of efficiently chained endpoints, and it makes it easy to propagate queries or actions to every endpoint throughout the entire network. A server simply sends information to a small set of endpoints along these linear chains and collects aggregated results from the endpoints at the end of these chains. This approach resolves the shortcomings of hub-and-spoke architectures, and it leads to increased speed and scalability. Tanium can also scan endpoints that are off the LAN and it can identify, secure, and manage remote endpoints (e.g., work-from-home environments).

- **Providing efficient vulnerability scanning due to the presence of Tanium agents on endpoints.** The linear chain architecture and lightweight Tanium agents on endpoints enhances risk mitigation. Because of greater visibility and control, the Tanium platform allows customers to find and remediate vulnerabilities. This reduces the frequency, duration, and/or severity of data breaches or business-disrupting outages, and it lowers the cost of responding to and recovering from such incidents. By decentralizing data collection, aggregation, and distribution down to the endpoint, the
Tanium architecture harnesses the speed of LAN traffic and reduces direct client-to-server communications. This eliminates inefficiencies caused by bloated databases, overloaded connections, and heavy traffic across WAN segments. With Tanium, security incident response teams can hunt and remediate threats across thousands of endpoints, and IT operations teams can accurately conduct inventory and manage assets across the globe within a short period of time.

**Allowing better collaboration between security and operations teams.** The broad span of Tanium modules makes it easy to integrate security and operations teams under a common platform. Interviewees said cross-training and collaboration are now common at their organizations because IT operations and security teams work from a common console and endpoint dataset at increased speed and scale.

**FLEXIBILITY**

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement the Tanium endpoint management and security platform and later realize additional uses and business opportunities, which include:

- **Improving IT hygiene.** Tanium provides a foundation from which organizations can continuously improve the IT hygiene of their environments. It provides the flexibility to advance at a pace that doesn’t impact other business unit operations because lightweight agents working behind the scenes update applications by performing software management at enterprise scale; quickly installing, updating, and removing software; and distributing, managing, and reporting on operating systems and applications patches.

- **Gaining the ability to customize modules for company specific applications.** The security director in the agribusiness industry said Tanium provides the flexibility for their organization to customize certain modules to solve company specific concerns. They said: “Outside of the module pieces, we have created a lot of customized solutions for ourselves. We created our own solution that helps to identify and extract intellectual property on an endpoint. We run reports on particular documents, spreadsheets, diagrams, or CAD drawings. We determine the file names on those endpoints and the total file sizes. Then if we divest or spin off a company, we can not only report on all the intellectual property that’s sitting on those servers, workstations, and laptops, but we can also extract it at scale. And we created a solution that reports on all the documents on an endpoint. It stuffs them into an encrypted and compressed container, and then we pull that container file off an endpoint to a centralized storage location.”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).
TANIUM SOFTWARE COST

Evidence and data. The interviewees said their organizations paid for software in relation to their Tanium investments.

Modeling and assumptions. To model this cost, Forrester assumes the following about the composite organization:

- The composite is a mid-range enterprise, and its environment can be managed by Tanium core and a bundle of five additional modules.
- Tanium core performs all the discovery needed to identify all the endpoints in the organization within six months.
- There is little or no variance in the average cost of individual modules.
- The annual subscription costs $60,000 per additional module.

Risks. Variables that may impact this cost include:

- The number of additional modules the organization needs to effectively manage endpoints and applications within its industry.
- The type of modules the organization needs because they are not equally priced.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.3 million.

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### Table: Quantified cost data as applied to the composite

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Cost</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dtr</td>
<td>Tanium software cost</td>
<td>$0</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$1,575,000</td>
<td>$1,305,597</td>
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<tr>
<td>Etr</td>
<td>Internal planning, training, and implementation cost</td>
<td>$75,504</td>
<td>$13,728</td>
<td>$13,728</td>
<td>$13,728</td>
<td>$116,688</td>
<td>$109,644</td>
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<tr>
<td></td>
<td>Total costs (risk-adjusted)</td>
<td>$75,504</td>
<td>$538,728</td>
<td>$538,728</td>
<td>$538,728</td>
<td>$1,691,688</td>
<td>$1,415,241</td>
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</table>
ANALYSIS OF COSTS

INTERNAL PLANNING, TRAINING AND IMPLEMENTATION

Evidence and data. Interviewees said their organizations incurred some internal costs to onboard and deploy Tanium within their environments. They said:

- The average cost of hardware and POC demonstrations was $60,000.
- Their organizations delegated an average of three FTEs during the initial setup stages of deployment.
- FTEs involved each worked an average of 60 hours during deployment.

Modeling and assumptions. To model this cost, Forrester assumes the following about the composite organization:

- The fully burdened hourly rate of an FTE is $48.
- Each FTE spends 1 hour per week in training for platform use and upgrades.
- Two more staff members attend training weekly as backup for three FTEs who operate Tanium.

Risks. Variables that may impact this cost include:

- The pay rate of FTEs.
- The skill sets of FTEs and how much training they need to properly operate the platform.
- The complexity of the organization’s environment and how many FTEs are needed to effectively manage and secure endpoints.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of nearly $110,000.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Metric</th>
<th>Source</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
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<tr>
<td>D1</td>
<td>Tanium core</td>
<td>Interviews</td>
<td>$0</td>
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<td>D2</td>
<td>Operations/security bundle with five modules</td>
<td>Interviews</td>
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<td>Dt</td>
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<td>D1+D2</td>
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</tr>
<tr>
<td></td>
<td>Risk adjustment</td>
<td>↑5%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Dtr</td>
<td>Tanium software cost (risk-adjusted)</td>
<td></td>
<td>$0</td>
<td>$525,000</td>
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</table>

Three-year total: $1,575,000  
Three-year present value: $1,305,597
<table>
<thead>
<tr>
<th>Ref</th>
<th>Metric</th>
<th>Source</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<td>Interview</td>
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<td>$48</td>
<td>$48</td>
<td>$48</td>
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<tr>
<td>E5</td>
<td>Planning, training, and implementation</td>
<td>E3<em>E4</em>E5</td>
<td>$8,640</td>
<td>$12,480</td>
<td>$12,480</td>
<td>$12,480</td>
</tr>
<tr>
<td>Et</td>
<td>Internal planning, training, and</td>
<td>E1+E5</td>
<td>$68,640</td>
<td>$12,480</td>
<td>$12,480</td>
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<tr>
<td></td>
<td>implementation cost</td>
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<td></td>
<td>implementation cost (risk-adjusted)</td>
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</table>

Three-year total: $116,688
Three-year present value: $109,644
## 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)

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs</td>
<td>($75,504)</td>
<td>($538,728)</td>
<td>($538,728)</td>
<td>($538,728)</td>
<td>($1,691,688)</td>
<td>($1,415,241)</td>
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<tr>
<td>Total benefits</td>
<td>$0</td>
<td>$2,008,240</td>
<td>$2,220,740</td>
<td>$2,220,740</td>
<td>$6,449,720</td>
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<tr>
<td>Net benefits</td>
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<td>$1,682,012</td>
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<td>$4,758,032</td>
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<tr>
<td>ROI</td>
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<td>277%</td>
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<tr>
<td>Payback period</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>&lt;6</td>
</tr>
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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.