

The Total Economic Impact™ Of Infoblox BloxOne DDI

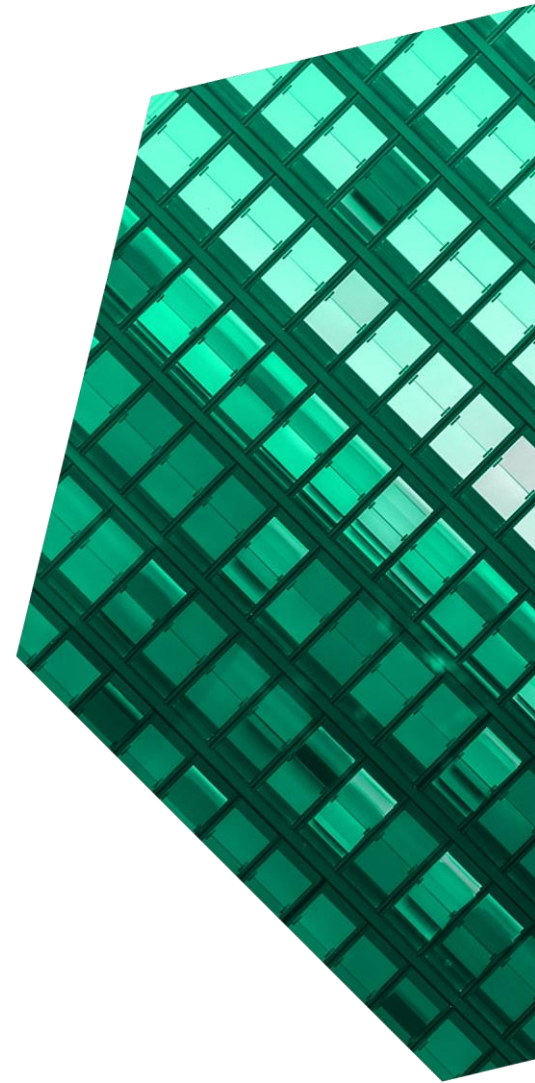
Cost Savings And Business Benefits
Enabled By BloxOne DDI

AUGUST 2022

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Executive Summary

As organizations worldwide continue the shift to mobility and cloud services, the number of distributed sites and connected devices is increasing as a result. Businesses and their employees require fast and reliable connections to critical business applications and services now more than ever before. Infoblox BloxOne DDI provides a suite of core networking services purpose-built to enable organizations to perform at optimal levels and to minimize service disruptions throughout the enterprise.

Infoblox BloxOne DDI integrates domain name system (DNS), dynamic host configuration protocol (DHCP), and IP address management (IPAM) to provide a cloud-managed suite of core networking services. Infoblox provides organizations consistent administrative services across all data centers, clouds, and branch sites in the enterprise.

Infoblox commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying BloxOne DDI.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of BloxOne DDI on their organizations.

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

Interviewees stated that prior to deploying BloxOne DDI, their organizations depended on unreliable DNS and DHCP services. All prior attempts to correct resulted in unstable networks, reliability issues, and high costs from frequent site outages.

After the investment in BloxOne DDI, the interviewees' organizations realized immediate benefits including reduced service outages and improved business operations. Results from the

KEY STATISTICS



Return on investment (ROI)
343%



Net present value (NPV)
\$3.7M

investment included significant time and resource savings for both ongoing site administration and spinning up new sites.

KEY FINDINGS

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

- **Avoidance of 13 unplanned site outages annually.** Unplanned downtime for organizations results in lost revenue, lost productivity, and lost brand equity or trust.
- **Cost savings of 30% for ongoing site administration.** The composite organization sees an overall reduction of time and cost spent on ongoing management of managed sites. Engineers can reallocate 30% of their time to other critical operational tasks.
- **Time savings of 99% to spin up new sites.** Senior engineers significantly reduce the time

spent to spin up new sites when relying on BloxOne DDI's automated template services rather than manually replicating and testing processes.

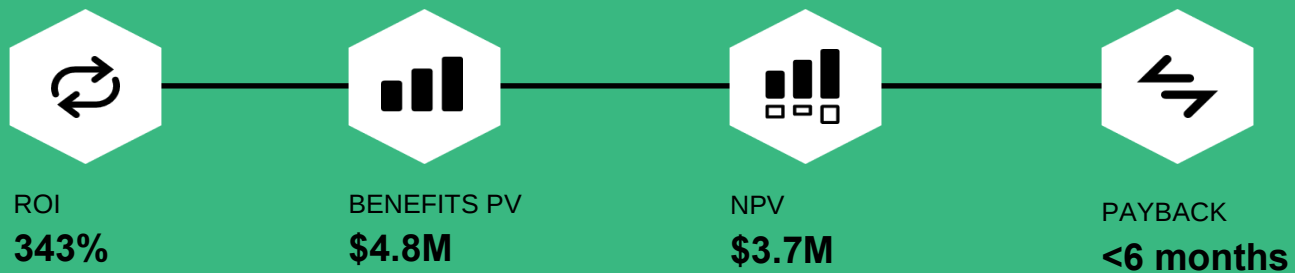
Unquantified benefits. Benefits that are not quantified for this study include:

- **Centralized visibility and control.** Interviewees consistently stated that BloxOne DDI has a centralized, transparent interface that is user-friendly and requires minimal training.
- **Scalability.** Interviewees reported that BloxOne DDI was rightsized specifically for their organizations and that it was easily able to expand as their companies grew.

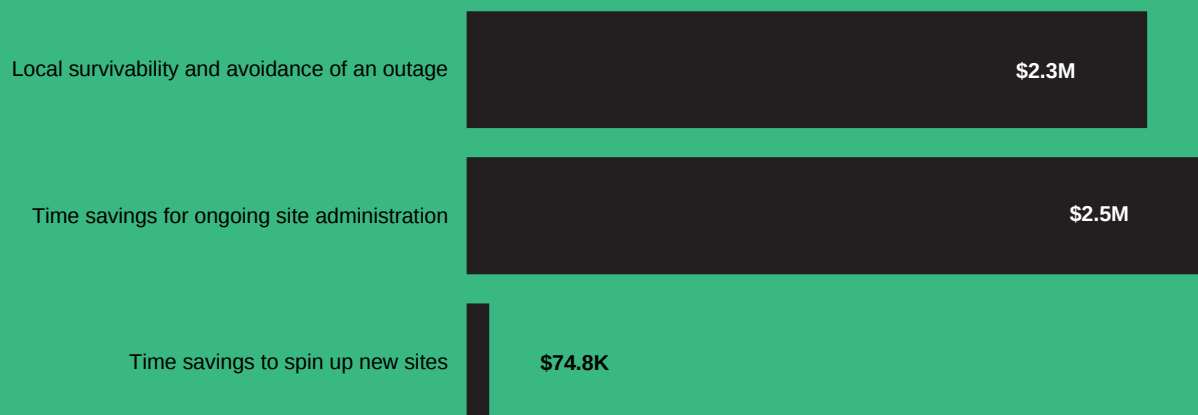
Costs. Risk-adjusted PV costs include:

- **License-based subscription service costs.** Interviewees said the BloxOne DDI tiered subscription service provides advanced services based on a unique combination of the number of managed sites and IP addresses.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$4.8 million over three years versus costs of \$1 million, adding up to a net present value (NPV) of \$3.7 million and an ROI of 343%.



Benefits (Three-Year)



“[One] thing we saw from a service-level ability is that we just don’t have issues with DNS anymore. I can’t tell you the last time we had a service outage in a site that was caused by DNS.”

— Senior DDI engineer, oil and gas

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 BloxOne DDI.

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 BloxOne DDI can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Infoblox 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 Infoblox.

Infoblox 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.

Infoblox provided the customer names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed Infoblox stakeholders and Forrester analysts to gather data relative to BloxOne DDI.



DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using BloxOne DDI 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 decision-makers.



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.

The Infoblox BloxOne DDI Customer Journey

■ Drivers leading to the BloxOne DDI investment

Interviews					
Role	Industry	Region	Revenue	Managed Sites	IP Addresses
Senior DDI engineer	Oil and gas	Global	\$181.5B	83	55,000
System network administrator	Metal	Global	\$6.3M	18	157
Security manager	Cruise	Global	\$2.1B	30	26,000
IT infrastructure technician	Automotive	Global	\$1.92B	76	11,000

KEY CHALLENGES

The interviewees noted how their organizations struggled with common challenges, including:

- **Difficulty maintaining stable services.** Interviewees' organizations previously relied on free services to manage their DNS and had difficulty maintaining stable services with other vendors. There was a daily need for security patches that are required to maintain service, and this caused reliability issues within their environments.
- **Daily reliability issues for branch locations.** Their organizations consistently faced service issues in branch locations. They also said reliability for branch locations is critical to their organizations' business operations.
- **Broken DNS zones.** Interviewees said that prior to using BloxOne DDI, their organizations' DNS zones were not within the firms' authority and that they were unable to fix broken DNS zones.

COMPOSITE ORGANIZATION

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 interviewed and is used to present the

aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite organization. The composite organization is a multibillion-dollar company with more than 25,000 employees worldwide and flexible infrastructure required to manage growing global operations.

Deployment characteristics. The composite organization has global operations across 80 managed sites and 50,000 managed IP addresses.

Key Assumptions

- **\$46.4B annual revenue**
- **80 managed sites**
- **50K managed IP addresses**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Local survivability and avoidance of an outage	\$910,000	\$910,000	\$910,000	\$2,730,000	\$2,263,035
Btr	Time savings for ongoing site administration	\$994,560	\$994,560	\$994,560	\$2,983,680	\$2,473,324
Ctr	Time savings to spin up new sites	\$30,083	\$30,083	\$30,083	\$90,250	\$74,813
	Total benefits (risk-adjusted)	\$1,934,643	\$1,934,643	\$1,934,643	\$5,803,930	\$4,811,172

LOCAL SURVIVABILITY AND AVOIDANCE OF AN OUTAGE

Evidence and data. Interviewees said that BloxOne DDI enabled local survivability of services in distributed locations, even in the event of service disruptions to centralized data centers.

- Interviewees said BloxOne DDI significantly reduced the risk of service disruptions. They expressed a high level of confidence that branch locations would experience minimal unplanned downtime.
- Interviewees stated that overall productivity losses and revenue losses were minimal with BloxOne DDI.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite faces an average of one unplanned service disruption per month.
- Service disruptions cause loss of productivity and revenue.
- Any negative impact on the composite organization's reputation due to unplanned service disruptions is not quantified in this model.

“In our industry, there are critical pieces of equipment, chemicals, and safety monitors that are connected via IP infrastructure to the central console. If DNS goes down, the local human interface equipment that lets us know whether things are still safe goes down. There is no price on that safety.”

Senior DDI engineer, oil and gas

Risks. Potential risks that can impact this benefit include:

- The average number of site outages that the organization faces, which will vary based on other infrastructure factors.
- Whether or not the organization faces high nonfinancial externalities to reputation due to service disruptions.

Results. To account for these risks, Forrester adjusted this benefit downward by 30%, yielding a

three-year, risk-adjusted total PV (discounted at 10%) of \$2.3 million.

Local Survivability And Avoidance Of An Outage					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Average cost of an unplanned site outage	Assumption	\$100,000	\$100,000	\$100,000
A2	Average number of unplanned site outages per year	Assumption	13	13	13
At	Total avoided cost of an outage	A1*A2	\$1,300,000	\$1,300,000	\$1,300,000
	Risk adjustment	↓30%			
Atr	Local survivability and avoidance of an outage (risk-adjusted)		\$910,000	\$910,000	\$910,000
Three-year total: \$2,730,000			Three-year present value: \$2,263,035		

TIME SAVINGS FOR ONGOING SITE ADMINISTRATION

Evidence and data. Interviewees' organizations were able to reduce time spent on manual processes across site locations.

- Interviewees reported an overall 30% reduction in time saved on ongoing site administration without automated capabilities.
- Interviewees said their organizations reallocated time to automating operational calls and reusing it to minimize tickets that require manual response.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite organization previously had minimal automated capabilities prior to implementing BloxOne DDI.
- The composite has an average of 80 sites.
- The fully loaded annual salary for an engineer is \$103,600.

Risks. Potential risks that can impact this benefit include:

- The time the organization previously spent on site administration.
- The fully loaded salary for a senior engineer.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$2.5 million.

Time Savings For Ongoing Site Administration					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Percentage of time spent on site administration pre-Infoblox	Interviews	35%	35%	35%
B2	Percentage of time spent on site administration post-Infoblox	Interviews	5%	5%	5%
B3	Percentage of time saved on site administration	B1-B2	30%	30%	30%
B4	Average number of sites	Assumption	80	80	80
B5	Fully loaded annual salary for an engineer	TEI standard	\$103,600	\$103,600	\$103,600
B6	Productivity recapture	TEI standard	50%	50%	50%
Bt	Total savings for ongoing site administration	B3*B4*B5*B6	\$1,243,200	\$1,243,200	\$1,243,200
	Risk adjustment	↓20%			
Btr	Total savings for ongoing site administration (risk-adjusted)		\$994,560	\$994,560	\$994,560
Three-year total: \$2,983,680			Three-year present value: \$2,473,324		

TIME SAVINGS TO SPIN UP NEW SITES

Evidence and data. BloxOne DDI provided interviewees' organizations with template-based provisioning to promote consistency across all new locations. Automated templating significantly reduced the time organizations spent spinning up new sites, testing, and performing QA.

- Interviewees said that prior to using Infoblox, their organizations' engineers required an average of 8 hours to spin up one new site prior to deploying Infoblox. This time included manual implementation, testing, and performing QA.
- Interviewees reported that automated templating significantly reduced the amount of time spent on new sites and promoted confidence in consistency across locations.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite organization experiences time savings of 99% to spin up new sites.

“With BloxOne, we complete QA upfront with the first device in the template, and now we apply that template, run a quick script, and validate that it’s functional in minutes. We anticipate an additional 195 deployments next year.”

Senior engineer, oil and gas

Risks. Potential risks that may impact this benefit include:

- The organization's number of new sites per year.
- The time the organization spends spinning up new sites prior to using Infoblox, which will vary based on the processes and services used.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$74,800.

Total Savings To Spin Up New Sites						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
C1	Time to spin up a new site pre-Infoblox (hours)	Interviews	8.00	8.00	8.00	8.00
C2	Time to spin up a new site post-Infoblox (hours)	Interviews	0.08	0.08	0.08	0.08
C3	Time saved to spin up a new site (hours)	C1-C2	7.92	7.92	7.92	7.92
C4	Average annual number of new sites	Assumption	80	80	80	80
C5	Fully loaded annual salary for an engineer	TEI standard	\$103,600	\$103,600	\$103,600	\$103,600
C6	Fully loaded hourly rate for engineer (rounded)	C5/2,080	\$50	\$50	\$50	\$50
Ct	Total savings to spin up new sites	C3*C4*C6	\$31,667	\$31,667	\$31,667	\$31,667
	Risk adjustment	↓5%				
Ctr	Total savings to spin up new sites (risk-adjusted)		\$30,083	\$30,083	\$30,083	\$30,083
Three-year total: \$90,250			Three-year present value: \$74,813			

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Infoblox subscription costs	\$0	\$437,000	\$437,000	\$437,000	\$1,311,000	\$1,086,754
	Total costs (risk-adjusted)	\$0	\$437,000	\$437,000	\$437,000	\$1,311,000	\$1,086,754

INFOBLOX SUBSCRIPTION COSTS

Evidence and data. BloxOne DDI advanced subscription services are licensed by the number of active IP addresses and managed sites deployed.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- Infoblox provides the composite's first 50 sites at no cost.

- Infoblox provides the composite with training videos and help resources for user reference.
- Infoblox requires no additional training.

Risks. The level of subscription service an organization uses will impact this cost.

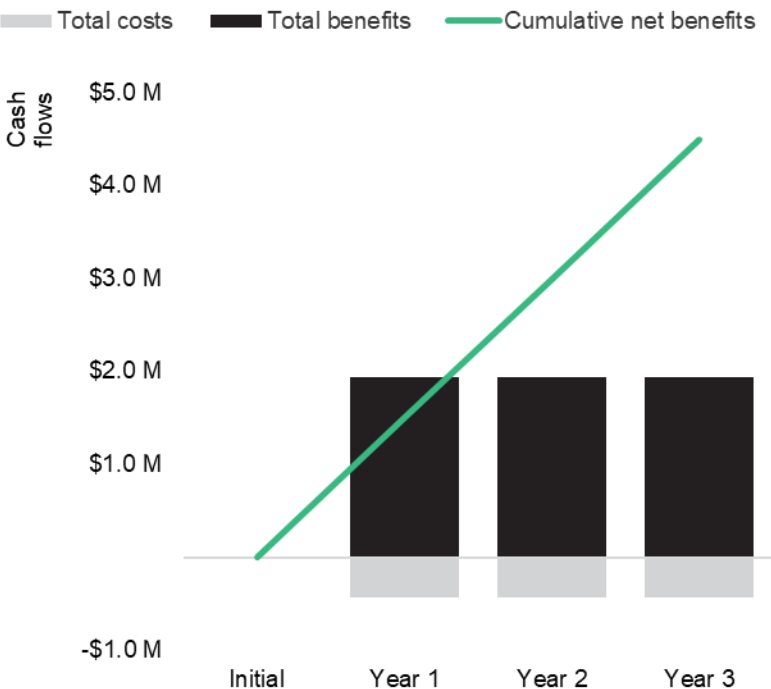
Results. To account for this risk, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1 million.

Infoblox Subscription Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Number of managed IP addresses	Interviews	0	50,000	50,000	50,000
D2	Cost per IP address per year	Interviews	0	\$7	\$7	\$7
D3	Number of managed sites (1 instance per site)	Interviews	0	100	100	100
D4	Free instances	Interviews	0	50	50	50
D5	Number of instances charged	Interviews	0	50	50	50
D6	Cost per instance per year	Interviews	0	\$600	\$600	\$600
Dt	Infoblox subscription costs	D1*D2+(D5*D6)	\$0	\$380,000	\$380,000	\$380,000
	Risk adjustment	↑ 15%				
Dtr	Infoblox subscription costs (risk-adjusted)		\$0	\$437,000	\$437,000	\$437,000
Three-year total: \$1,311,000			Three-year present value: \$1,086,754			

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)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	\$0	(\$437,000)	(\$437,000)	(\$437,000)	(\$1,311,000)	(\$1,086,754)
Total benefits	\$0	\$1,934,643	\$1,934,643	\$1,934,643	\$5,803,930	\$4,811,172
Net benefits	\$0	\$1,497,643	\$1,497,643	\$1,497,643	\$4,492,930	\$3,724,418
ROI						343%

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."

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 Sources are calculated for each total cost and benefit estimate. NPV Sources in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value Sources of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



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.

Appendix B: Endnotes

¹ 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.



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