Total Economic Impact (TEI) — Methodology Review

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Document control

Field	Value
Document ID	DODONE-EXT-001
Originating publisher	Forrester
Source publication	Undated methodology page; accessed 31 October 2026
Research cut-off	31 October 2026
Status	Independent source review — not an external audit
Publication type	General technology investment methodology
Source policy	Original public material only; no Dodone adaptation
Full source links	See section 14

Executive summary

Forrester describes Total Economic Impact as a financial decision framework built around benefits, costs, flexibility and risk. It is intended for internal purchasing decisions and commissioned technology economic impact studies. Forrester says the method has been used for more than 20 years, and studies combine research evidence, interviews and financial modelling.

Scope: Financial appraisal of an investment in technology, including associated operational and strategic effects.

Important: This paper documents published source material only. A missing equation or input is reported as not available in the reviewed sources; no substitute model or artificial worked example has been created.

1. Purpose and scope

Financial appraisal of an investment in technology, including associated operational and strategic effects. This paper is an independent explanatory analysis of published methodology; it is not endorsed by the originating publisher.

2. Counterfactual and baseline

The public methodology page indicates financial analysis of investment impacts, but does not prescribe one universal counterfactual construction or time-horizon formula. Individual TEI studies define their own baseline, organisation composite and investment period.

3. Published model inputs and variables

- Solution-specific investment and operational costs, including associated business costs.
- Benefits observed or expected from the technology investment.
- Potential flexibility from future strategic or operational options.
- Uncertainty and risk associated with benefits and costs.
- Primary interview or survey evidence collected for the specific commissioned study.

4. Cost methodology

Costs are one of the four explicitly named TEI dimensions. The public policy page does not provide a standard, fully itemised AI cost taxonomy, because studies cover different technologies.

5. Benefit and value methodology

Benefits encompass financial impacts of a technology or service; flexibility assesses future options that the investment may enable. Risk is an explicit dimension of the evaluation. The underlying economic categories depend on the study.

6. Published formulas and calculation logic

- Published four-component framework: benefits; costs; flexibility; risk.
- A single universal mathematical TEI formula, risk-adjustment coefficients and discounting implementation are not disclosed on the reviewed policy page.

7. Publisher-reported worked examples or results

The reviewed methodology page does not publish a single worked AI-investment case. Commissioned TEI studies publish engagement-specific results; no one case is adopted as the universal methodology here.

8. Sensitivity, attribution and uncertainty

The public description explicitly includes risk and requires independent interviews and primary research for commissioned TEI studies. Project-specific risk distributions and numerical adjustments are not published as universal default values.

9. Author-scope qualifications and methodological limitations

- General technology economic appraisal, not a single AI-specific ROI calculation.
- Commissioned study context and customer evidence differ substantially from case to case.
- The reviewed source does not expose a complete reference calculation, model source code or universal default coefficients.

10. Independent reproducibility assessment

Partial. An independent reader can verify the published conceptual dimensions, but cannot reconstruct a universal TEI calculation from this policy page alone.

11. Public-information gap register

Information unavailable or incomplete	Source review status
Universal TEI ROI equation and workbook: not disclosed in the reviewed policy page.	Not publicly available / insufficiently specified in reviewed source
Standard risk adjustment percentages: not disclosed.	Not publicly available / insufficiently specified in reviewed source
Mandatory uniform NPV discount rate and appraisal horizon: not disclosed.	Not publicly available / insufficiently specified in reviewed source
AI-specific input defaults and worked case: not disclosed.	Not publicly available / insufficiently specified in reviewed source

12. Independent reviewer observations

These observations address verifiability and scope; they are not additions to the publisher's financial method.

Confirm each numerical claim against the original publication before relying on it for an investment decision. Do not treat conceptual frameworks or opportunity estimates as if they were a reproducible company-level ROI algorithm.

Do not fill source gaps using assumed discount rates, value multipliers, proprietary weights, industry benchmarks, model code or synthetic test fixtures. An independent audit of calculations is possible only where sufficient primary data and methodology are disclosed.

13. Audit and publication checklist

- Primary publisher and publication dates have been identified.
- Source-specific equations are separated from descriptive process narratives.
- All author-reported numerical examples are identified as publisher examples.
- Unavailable parameters and proprietary elements are explicitly marked.
- No Dodone adaptations or fabricated examples have been introduced.
- Claims of complete numerical reproducibility are limited to publicly verifiable material.

14. Original source links and attribution

The following are the original publisher resources reviewed. Each link is clickable in the PDF and editable Word file.

S1 — Forrester Methodologies: Total Economic Impact — https://www.forrester.com/policies/tei/

Research cut-off: 31 October 2026. Access conditions and source text may subsequently change.

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