

The Total Economic Impact™ Of Andela

Cost Savings And Business Benefits Enabled By Andela

A FORRESTER TOTAL ECONOMIC IMPACT STUDY
COMMISSIONED BY Andela, JUNE 2024

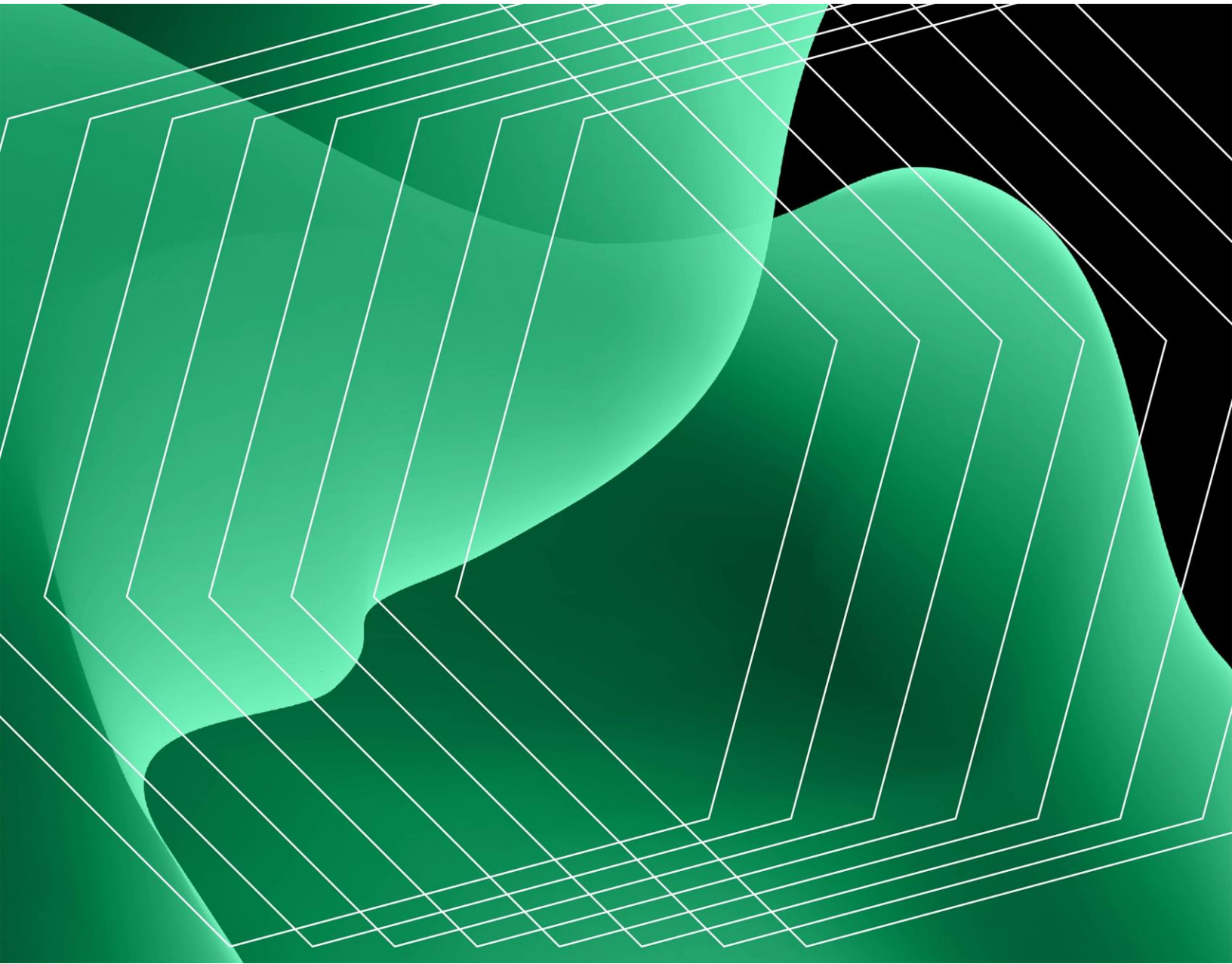


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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective [research-based consulting](#) to help leaders deliver key outcomes. Fueled by our [customer-obsessed research](#), Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

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Executive Summary

Digital transformation of business operations around the world is driving demand for technically talented workers. However, organizations face hurdles with recruiting and scaling up technical talent, including lengthy hiring timelines, underperforming hires, and administrative costs. To avoid these challenges, organizations need a partner that can capably provide high-quality, reliable talent.

[Andela](#) operates a global marketplace of skilled technologists. Through Andela, organizations can quickly source and onboard proven, technically skilled talent to drive digital transformation. This adaptive approach to hiring allows companies to scale up or down as needed to respond to their rapidly changing needs.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers and surveyed 30 respondents from companies with experience using Andela’s services. For the purposes of this study, Forrester aggregated the interviewees’ experiences and combined the results into a single [composite organization](#) that is a global organization headquartered in North America with 2,500 employees and revenue of \$1 billion per year. Three-year, risk-adjusted present value (PV) key results include:



Benefits (Three-Year)



“The reason we work with Andela is the agility it gives us. We’re able to onboard somebody faster with the right skill set, they’re able to ramp up quickly and swiftly deliver results to get us over the finish line.”

VP, WORLDWIDE PARTNER AND EXPERT SERVICES, SOFTWARE

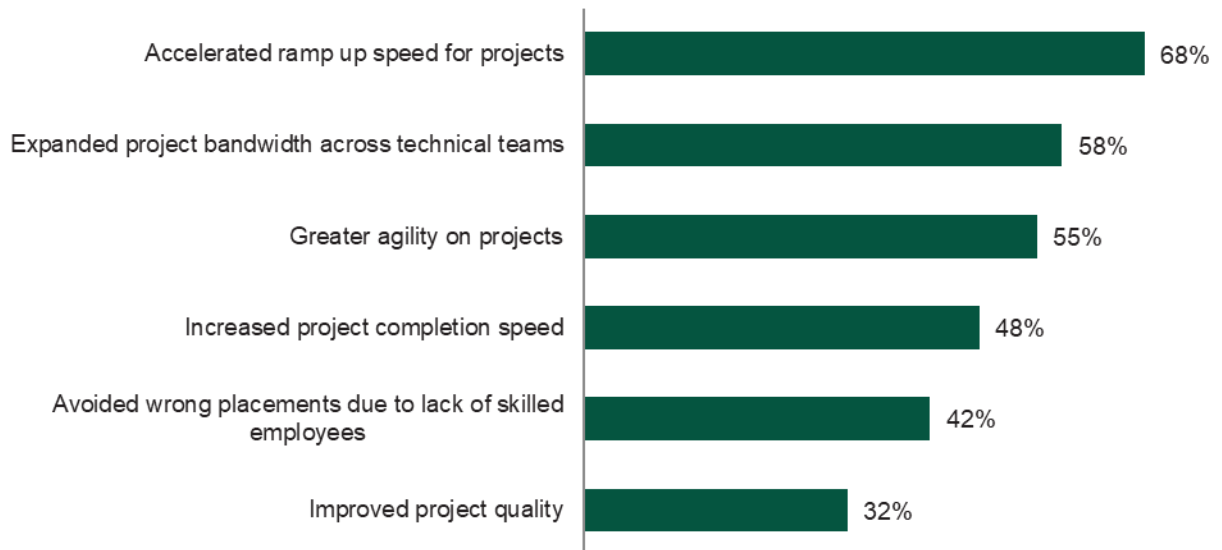
KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Accelerated time to hire talent by 66%.** Andela's services significantly shorten the time to hire technical talent for the composite organization. In particular, the recruiting and screening stages are streamlined so the organization no longer has to create job listings, reach out to candidates, and sort through them. The organization saves 106 hours on hiring efforts per talent brought on board, totaling over 2,000 hours saved in Year 1 and over 5,200 by Year 3. The organization also avoids professional employee organization (PEO) costs by working with Andela. Altogether, these benefits total \$753,000 in value.
- **Accelerated timelines and high-quality work results in millions of additional revenue.** The composite organization quickly scales up the number of talent supporting projects, and the quality of work they bring helps accelerate project timelines by 33%. With a faster time to market and less rework or fixes due to talent performance, the organization recognizes value on projects sooner. In Year 1, the organization brings in \$3.7 million in additional revenue; by Year 3, this grows to \$13.8 million. With operating margin applied, the three-year present value totals \$2.3 million for the organization.
- **Avoided compliance infraction risk costs of \$640,000.** By working with Andela, the composite organization avoids handling paperwork around contractors and reviews of legal compliance of the contracts. Andela assumes this responsibility and limits the organization's exposure to the risk of misclassifying employees, thus helping them avoid incurring significant fines.
- **Avoided \$2.4 million in costs for replacing talent.** The organization avoids challenges that come from unexpected departures and/or poor employee performance, like loss of knowledge, training, and loss of productivity on projects. By adding talent to support specific projects, who also perform satisfactorily, the organization avoids turnover that would otherwise cost \$300,000 per employee.
- **Recognized cost savings of \$80,000 per talent hired from Andela.** The organization maximizes hiring budget limitations by adding talent from Andela that is 40% more cost efficient than if they hired talent themselves. More workers

are added to support projects than could be afforded previously, helping employees meet project delivery goals.

“Which of the following benefits has your organization experienced as a result of your investment in Andela?”



Base: 30 representatives of organizations that are Andela customers
 Source: A commissioned study conducted by Forrester Consulting on behalf of Andela, May 2024.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Ability to scale talent up and down.** Andela enables greater flexibility to add or remove talent based on project needs. The speed with which Andela satisfies requests for talent shortens the window to bring people on board. Meanwhile, Andela’s management of the talent relationship helps with shifting workers to support other projects. The organization can bring in the right talent and produce better outcomes faster and more cost effectively.
- **Diversity of talent supporting projects.** Andela’s global reach helps the organization to leverage talent from around the world, incorporating their perspectives into day-to-day work to produce richer outcomes. This diverse talent composition helps organizations to better reflect their global customer base and create more informed, well-rounded deliverables.
- **Andela’s support to clients.** Andela’s understanding of business context and ability to skill match, including through the use of AI capabilities, helps the

organization to quickly find the right talent to support projects. This helps technical teams to move forward quickly and confidently with their work. Positive interactions help foster a strong partnership between the companies.

“Andela has exposed us to talent we wouldn't have access to. It makes a big difference as you build teams when you look at the quality, drive, and passion of workers operating out of different countries and regions.”

CHIEF TECHNOLOGY OFFICER, INFORMATION TECHNOLOGY

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Andela's talent services costs.** These costs vary based on the skill sets of workers available through Andela. For the composite organization, the mix of Andela talent costs \$10,000 per month on average.

The financial analysis which is based on the interviews and survey found that a composite organization experiences benefits of \$22.0 million over three years versus costs of \$11.2 million, adding up to a net present value (NPV) of \$10.9 million and an ROI of 97%.

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 Andela.

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 Andela can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Andela 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 Andela.

Andela 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.

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

1. Due Diligence

Interviewed Andela stakeholders and Forrester analysts to gather data relative to Andela.

2. Interviews

Interviewed four customers and surveyed 30 respondents from companies with experience using Andela's services to obtain data about costs, benefits, and risks.

3. Composite Organization

Designed a composite organization based on characteristics of the interviewees' organizations.

4. 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 interviewees.

5. 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 Andela Customer Journey

Drivers leading to hiring Andela's talent

KEY CHALLENGES

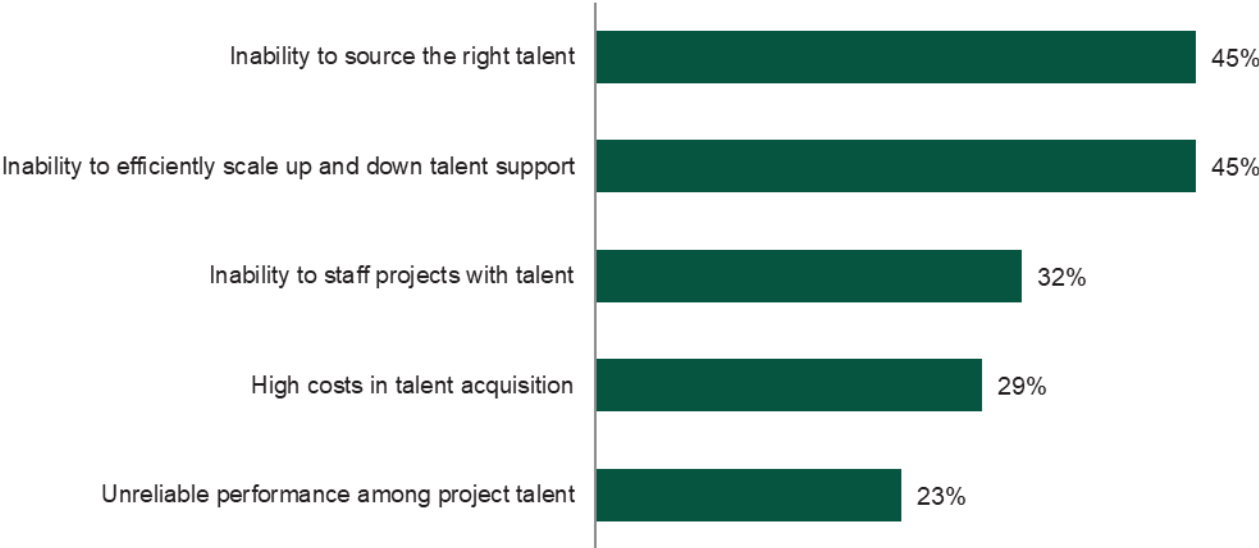
Forrester interviewed four customers and surveyed 30 respondents from companies with experience using Andela's services at their organizations. For more details on these individuals and the organizations they represent, see [Appendix B](#).

Prior to using Andela's services, the organizations primarily used in-house hiring teams to source, recruit, and hire employees. They also used some third-party staffing agencies but looked to Andela to scale that approach. Interviewees noted how their organizations struggled with common challenges, including:

- **Lengthy hiring practices.** The in-house hiring teams at the interviewees' organizations spent months going through interview and testing cycles to find the right hires to support their various technical projects. Searches for employees to fill skill gaps (e.g., core engineering, cloud APIs, AI, generative AI [genAI], etc.) prolonged these cycles because of high industry demand and limited talent availability. These hiring teams consisted of multiple team members sharing input and sign-off, which hindered productivity that could have been dedicated to project work. The global executive director at an advertising and marketing agency said: "Speed to hire was our primary issue. It took too long from when a role was open to being filled. The longer it took, the more team members took on extra work. And then we have the team conducting a ton of interviews. ...You can't make revenue goals because speed is an issue."
- **Inability to scale up talent on projects as needed.** Slow hiring timelines made it difficult to add workers to projects that needed support to meet delivery timelines. In addition, budget constraints made it difficult for technical teams to scale up talent until they received approvals. Managers were often reallocating their limited resources to support more projects than they had bandwidth to do, which led to a lack of focus and diminishing quality in project outcomes.

- **Underperforming hires resulting in poor project quality.** Technical teams at the interviewees’ organizations acquired underperforming talent because they lacked the bandwidth to fully evaluate new-hire talent and had limited budget to recruit attractive hires. New hires were either slow to meet delivery timelines or turned in work that wasn’t on par with established staff, meaning projects weren’t finished on time — and those that were required extensive rework.
- **Regular hire turnover.** Interviewees’ organizations regularly faced attrition on their teams which meant that, in addition to hiring net new talent, they were also regularly working to backfill vacancies. Missing team members further delayed projects and negatively impacted employee morale. Even after hiring replacements, it took time to train them and reach the productivity levels of prior talent.
- **New-hire management and paperwork.** For organizations hiring offshore talent, it meant hiring a manager to oversee those employees or paying a PEO to manage those operations. Alongside these costs, the organizations had to file paperwork stating where the hires worked and details of their work status. Potential incorrect filing of this paperwork exposed organizations to regulatory and compliance errors, leading to fines totaling thousands of dollars.

“Which of the following business challenges did your organization face before your investment in Andela?”



Base: 30 Andela customers
Note: Showing top 5 responses
Source: A commissioned study conducted by Forrester Consulting on behalf of Andela, May 2024.

INVESTMENT OBJECTIVES

The interviewees' and survey respondents' organizations searched for a solution that could:

- Accelerate the hiring process through faster sourcing of certified technical talent.
- Offer the ability to quickly scale up talent support for projects.
- Introduce talent that shortens project timelines and delivers high quality work.
- Maximize talent budget available for technical projects.
- Manage operational and administrative tasks for global talent hired.

“The world’s changed. Having a partner like Andela helps me scale up and down the technical functions where I need support. That’s the future of business.”

WORLDWIDE PARTNER AND EXPERT SERVICES, SOFTWARE

COMPOSITE ORGANIZATION

Based on the interviews and survey, 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 interviewees and 30 survey respondents, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The global, billion-dollar organization has 2,500 employees and operates across multiple business lines. The organization has a team of developers that works on multiple projects throughout the year. An in-house hiring team is responsible for sourcing and recruiting full-time talent, and technical teams participate in interviewing and reviewing candidates. The organization looks to Andela to support

staffing operations and relieve internal bandwidth burdens around hiring and onboarding processes.

Deployment characteristics. The composite organization hires 20 workers through Andela in Year 1. The talent is brought in to support various projects; each have different contract lengths for their services depending on the project or areas where support is needed. In the first year, the composite organization has 10 projects that require external support and involve Andela talent.

Following positive experiences with the talent in Year 1, the organization has 40 workers from Andela supporting projects in Year 2 and 50 workers in Year 3. The number of projects leveraging Andela talent grows to 20 in Year 2 and to 25 in Year 3.

KEY ASSUMPTIONS

\$1 billion revenue

2,500 employees

Based in North America, global operations

Industry agnostic business

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	Hiring cost efficiencies	\$169,560	\$339,120	\$423,900	\$932,580	\$752,892
Btr	Increased project value from accelerated productivity	\$365,538	\$1,096,615	\$1,370,769	\$2,832,923	\$2,268,481
Ctr	Avoided compliance infraction costs	\$180,000	\$270,000	\$337,500	\$787,500	\$640,346
Dtr	Avoided talent replacement costs	\$540,000	\$1,080,000	\$1,350,000	\$2,970,000	\$2,397,746
Etr	Worker cost efficiency	\$3,600,000	\$7,200,000	\$9,000,000	\$19,800,000	\$15,984,974
	Total benefits (risk-adjusted)	\$4,855,098	\$9,985,735	\$12,482,169	\$27,323,003	\$22,044,439

HIRING COST EFFICIENCIES

Evidence and data. Interviewees said Andela’s services significantly shortened the time to hire technical talent for their organizations. In particular, the recruiting and screening stages were most streamlined. Andela shared curated lists of potential matches with the organizations based on what support their team sought; this process effectively eliminated the need to create a job posting and reach out to prospective talent to join their company.

Andela’s roster of available talent comes certified in specific technical skills and specialties, with emphasis on application engineering, AI, cloud computing, and data and analytics. The breadth of Andela’s talent marketplace helped the interviewees’ organizations find the right matches for the hiring teams’ needs and thus minimized the time spent reviewing applications and screening candidates for roles.

ANALYSIS OF BENEFITS

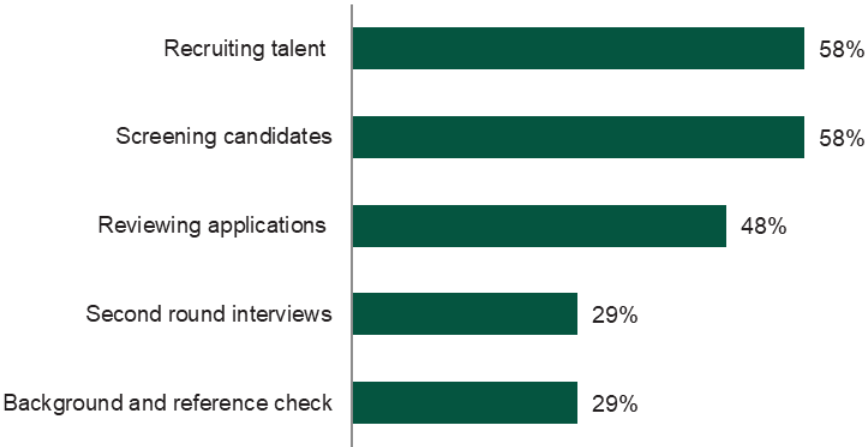
Hiring employees then primarily came down to a round of interviews and a skills test. For companies where the interview process traditionally took upwards of two months, it took less than two weeks with Andela.

The head of engineering at a CPG organization said: “We’re able to get through interview rounds really fast. Once we built a track record and trust with Andela, we’re not doing five rounds of interviews to reach a decision, we’re doing two or three. I’ve gotten turnaround of two weeks versus six.”

Interviewees said they appreciate how Andela pulls talent with diverse skill sets from around the world. The global executive director at an advertising and marketing company said: “Andela has a unique advantage because they’re looking at the entire world for talent. With Andela, we speak to one person who identifies a candidate that fits our criteria, and they help us move 70% faster with hiring for certain roles.”

Beyond faster hiring, Andela helped relieve hiring teams of securing a PEO or manager to oversee admin work for the external hires, including payroll and tax compliance. The VP of worldwide partner and expert services at a technology company said: “There’s not a lot of back and forth. We tell them we need someone with a background in high tech, and they come back with someone. We say yes or no, but if all looks good, then we say yes, and after a few days, Andela has onboarded them, and they’re in our system. [Andela is] kind of a blessed partner.”

For roles requiring technical expertise (e.g., analysts, developers, engineers), has your organization experienced time efficiencies in any of the following areas as a result of using Andela?



Base: 30 Andela customers
Note: Showing top 5 responses
Source: A commissioned study conducted by Forrester Consulting on behalf of Andela, May 2024.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- In Year 1, 20 Andela talent are onboarded to support projects. After initial experiences go successfully, the number of talent supporting projects grows to 40 in Year 2 and 50 in Year 3.
- The full-time equivalent (FTE) of eight employees are involved with hiring talent, each spending 20 hours per candidate they hire.
- Andela accelerates the hiring process by two-thirds (66%), reducing time spent hiring per FTE on each hire down to 6.8 hours.
- The fully loaded hourly rate for employees on the hiring team is \$75.
- For each hire made through Andela, the organization avoids spending \$1,500 on them that would have gone toward a PEO for support.

Risks. Factors that could impact the size of this benefit for organizations include:

- The amount of talent hired through Andela.
- The number of employees and time spent on hiring talent without Andela.
- The average costs of staff and PEO support.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$753,000.

Accelerated time to hire technical talent by

66%

ANALYSIS OF BENEFITS

Hiring Cost Efficiencies					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Talent from Andela supporting projects annually	Composite	20	40	50
A2	FTEs involved in hiring talent	Composite	8	8	8
A3	Time spent per FTE on hiring per contract talent without Andela (hours)	Interviews/Survey	20	20	20
A4	Total time spent on hiring talent before Andela (hours)	$A1 \times A2 \times A3$	3,200	6,400	8,000
A5	Acceleration in time to hire	Interviews/Survey	66%	66%	66%
A6	Time spent per FTE on hiring per contract talent with Andela (hours) (rounded)	$A3 \times A5$	6.8	6.8	6.8
A7	Total time spent on hiring with Andela (hours)	$A1 \times A2 \times A6$	1,088	2,176	2,720
A8	Subtotal: Time saved on hiring contract talent (hours)	$A1 \times A2 \times (A3 - A6)$	2,112	4,224	5,280
A9	Blended, fully loaded hourly rate for an employee on the hiring team	TEI Standard	\$75	\$75	\$75
A10	Savings on time spent hiring talent	$A8 \times A9$	\$158,400	\$316,800	\$396,000
A11	PEO service costs per employee before Andela	Interviews / Survey	\$1,500	\$1,500	\$1,500
A12	Avoided PEO costs with Andela talent	$A1 \times A11$	\$30,000	\$60,000	\$75,000
At	Hiring cost efficiencies	$A10 + A12$	\$188,400	\$376,800	\$471,000
	Risk adjustment	↓10%			
Atr	Hiring cost efficiencies (risk-adjusted)		\$169,560	\$339,120	\$423,900
Three-year total: \$932,580			Three-year present value: \$752,892		

INCREASED PROJECT VALUE FROM ACCELERATED PRODUCTIVITY

Evidence and data. Interviewees said faster time to hire talent for their organizations' technical teams meant they could quickly scale up support on projects as needed to move them along. The high-quality work delivered by Andela talent ensured that teams not only met deadlines, but they completed projects well ahead of expected delivery.

When interviewees first started working with Andela talent, they recognized that individuals were more prepared to support technical teams from the start. The head of engineering at a CPG company said: "Whenever I interview a candidate from Andela, they already know the role. The candidates spend time trying to find out more about us because they consider it a long-term engagement." This was further evidenced by surveyed Andela users: 68% agreed their organization saw accelerated ramp-up speed on projects with Andela talent.

The VP of worldwide partner and expert services at a technology company shared that after adding two talents from Andela to start on a Wednesday, they'd heard from team members that the individuals were already adding value by Friday. For projects leveraging Andela talent, the interviewee identified that the average development timeline was cut in half from between six to 12 months to between three to six months.

The quality of support provided by Andela talent was a key factor in pushing projects over the finish line. Less rework occurred because the hires wrote code and carried out tasks correctly on their first attempt. Three in five survey respondents agreed that Andela talent helped reduce the amount of project rework/fixes. In addition, 10 of the survey respondents identified that time spent on rework per project was reduced by at least one week.

The high level of performance among Andela talent established trust across technical teams. The global executive director at an advertising and marketing company said: "We're doing more projects with fewer complaints and higher client satisfaction. When a client comes to us with a solution they want put together, we're more likely to deliver against it than we would have in the past." Projects at the interviewee's organization that had taken three months on average to complete now took one month.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- In Year 1, the composite organization brings on Andela talent to support 10 projects. Following successful experiences with those projects, the number of projects that Andela supports grows to 20 in Year 2 and to 25 by Year 3.
- The average number of people supporting each project is six team members. Among those teams, Andela talent represents roughly one third of the members.
- The average length of each project is nine months before working with Andela talent. After onboarding talent in the first year, the timeline shrinks to seven months. With Andela talent more fully established within team workflows, the timeline on projects is six months by Year 2.
- Each employee at the composite organization is responsible for approximately \$400,000 in revenue. With the project timeline efficiencies, employees can bring in revenue much more quickly.
- The operating margin for the organization is 11%.

Risks. Factors that could impact the size of this benefit for organizations include:

- The number of projects supported by Andela talent at the organization.
- The number of people involved in the projects and average project length.
- The organization's annual revenue and operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.3 million.

Shortened project timelines by

33%

Additional revenue recognized by Year 3:

\$13.8M

“Andela stood out because they were more than a vendor, helping us to find people to write code and deliver it. They were keenly interested in helping us get the project over the finish line and to help refine ways of ensuring that happened.”

CHIEF TECHNOLOGY OFFICER, INFORMATION TECHNOLOGY

Increased Project Value From Accelerated Productivity

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Average number of technical projects requiring external support per year	Composite	10	20	25
B2	Size of project team (including Andela talent)	Composite	6	6	6
B3	Length of projects before Andela (weeks)	Interviews	36	36	36
B4	Length of projects with Andela (weeks)	Interviews / Survey	28	24	24
B5	Average annual revenue per employee	Composite	\$400,000	\$400,000	\$400,000
B6	Subtotal: Additional revenue recognized from accelerated project completion (rounded)	(B5/52 weeks)*(B1*B2*(B3-B4))	\$3,692,308	\$11,076,923	\$13,846,154
B7	Profit margin	TEI Standard	11%	11%	11%
Bt	Increased project value from accelerated productivity	B6*B7	\$406,154	\$1,218,462	\$1,523,077
	Risk adjustment	↓10%			
Btr	Increased project value from accelerated productivity (risk-adjusted)		\$365,538	\$1,096,615	\$1,370,769
Three-year total: \$2,832,923			Three-year present value: \$2,268,481		

AVOIDED COMPLIANCE INFRACTION COSTS

Evidence and data. By working with Andela, interviewees' organizations avoided handling paperwork around classifying the work status of international contractors and any reviews of the legal compliance of contracts. This helped interviewees to limit the risk of fines their company may have faced if it misclassified an employee or failed to meet compliance standards, which can total thousands of dollars depending on the severity.

In some cases, interviewees' organizations worked with multiple offshoring partners to handle work related to taxes for workers from different countries. Keeping track of employees around the world and related paperwork made it difficult for managers to stay on top of documentation and ensure everything was filed correctly. The executive director at an advertising and marketing company said that Andela "derisks" their organization by handling that work and helps it avoid creating policies and procedures to onboard that talent.

"Andela takes away risk from our organization. We don't have to deal with global staffing paperwork that include taxes or transfer pricing, all that is out the window. Andela's service level agreement to handle that removes those risks."

GLOBAL EXECUTIVE DIRECTOR, ADVERTISING AND MARKETING

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- For each of the talent brought onboard, the hiring team faces a 15% likelihood of potentially misclassifying contractors' employment status if they try to handle the paperwork in-house. Each misclassification carries an average cost of \$30,000. Andela enables the organization to avoid this risk.

ANALYSIS OF BENEFITS

- By working with Andela, the hiring teams avoid work involving legal and tax contract reviews which totals \$3,000 of effort per talent onboarded.
- With Andela’s services, the organization does not have to create policy and procedure efforts around hiring offshore talent which totals \$50,000 of effort.

Risks. Factors that could impact the size of this benefit for organizations include:

- The number of fines the organization faces for misclassifying contractors.
- The amount of time spent reviewing contracts for talent.
- Organization policy and procedures for contractors that may already be in place.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$640,000.

Avoided Compliance Infraction Costs					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Talent from Andela supporting projects annually	A1	20	40	50
C2	Potential likelihood of contractor misclassification error	Composite	15%	15%	15%
C3	Cost per employee misclassified	Interviews	\$30,000	\$30,000	\$30,000
C4	Subtotal: Avoided fines from misclassification errors	C1*C3	\$90,000	\$180,000	\$225,000
C5	Avoided legal and tax contract review per talent hired	Composite	\$3,000	\$3,000	\$3,000
C6	Subtotal: Avoided legal and tax contract review per talent hired	C1*C5	\$60,000	\$120,000	\$150,000
C7	Subtotal: Avoided policy and procedure efforts	Interviews	\$50,000		
Ct	Avoided compliance infraction costs	C4+C6+C7	\$200,000	\$300,000	\$375,000
	Risk adjustment	↓10%			
Ctr	Avoided compliance infraction costs (risk-adjusted)		\$180,000	\$270,000	\$337,500
Three-year total: \$787,500			Three-year present value: \$640,346		

AVOIDED TALENT REPLACEMENT COSTS

Evidence and data. Interviewees said technical projects sometimes experienced delays from unexpected departures and/or poor employee performance requiring replacement, leading to tangible value loss for their organizations because they could not get work done. Hiring teams were able to get ahead of unplanned exits by hiring talent from Andela to work the length of projects or on a finite timeline. Their satisfaction with the performance of Andela talent also helped them avoid the pitfall of having to replace poor-performing employees.

Each interviewee's organization has been working with Andela for at least two years and has hired dozens of workers from Andela, and the interviewees saw consistent performance across the hires. The advertising and software interviewee reported satisfaction with 95% of the talent their organization hired; meanwhile, the VP, worldwide partner and expert services in software said their company only had one instance where a worker didn't meet expectations.

The head of engineering at the CPG organization said confidence in the performance of Andela's talent led their company to shift the percentage of Andela talent supporting projects from 30% of the team to 60%. The organization also kept talent on board for over a year based on their performance. This shift also helped them to mitigate the number of unexpected departures among full-time employees that could delay projects. The head of engineering said: "We've been able to make that shift because of the stability the Andela hires bring to the team. ... I forget that key people on my team come from Andela. I've got feature leads on our mobile team that come from Andela. It's been awesome."

"It's an expensive process to replace someone. The fact that we keep [Andela] talent with us for over a year is a big indicator of our success with them."

HEAD OF ENGINEERING, CPG

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Hiring talent from Andela helps the organization avoid the average 10% talent turnover rate.
- The average cost to replace talent is 150% of an employee’s salary, including loss of knowledge, training, and loss of productivity during ramp-up.

Risks. Factors that could impact the size of this benefit for organizations include:

- The average turnover rate at the organization.
- The average salary and cost to replace to an employee.

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

Avoided Talent Replacement Costs					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Talent from Andela supporting projects annually	A1	20	40	50
D2	Turnover rate with talent before Andela	Composite	10%	10%	10%
D3	Avoided talent replaced (rounded)	D1*D2	2	4	5
D4	Avoided cost per talent replaced	\$200,000*1.5	\$300,000	\$300,000	\$300,000
Dt	Avoided talent replacement cost	D3*D4	\$600,000	\$1,200,000	\$1,500,000
	Risk adjustment	↓10%			
Dtr	Avoided talent replacement cost (risk-adjusted)		\$540,000	\$1,080,000	\$1,350,000
Three-year total: \$2,970,000			Three-year present value: \$2,397,746		

WORKER COST EFFICIENCY

Evidence and data. At interviewees' organizations where budgets were either tight or shrinking, hiring managers didn't have the available funds to add the technical talent necessary to complete projects. By working with Andela, the hiring managers were able to maximize remaining talent budget to best support in-house workers. The global executive director at an advertising and marketing company said: "It helps our morale when we have people on the team who are actually helping our in-house teams' lives get better. We're tracking employee experience around this continuously because it helps us make the case for using Andela."

Fluctuating business performance at the interviewees' organizations also meant managers would have to make cases for more budget or face eliminating positions if budget suddenly disappeared. By working with Andela, managers avoided some of these painful conversations around asking for budget or relaying bad news to an employee. Technical teams were also spared the negative morale impact from sudden changes to their team.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- For each Andela talent the organization hires, it avoids paying the annual salary of \$200,000 for a full-time employee that would be beyond its budget.
- The organization allocates \$120,000 toward talent from Andela, creating an \$80,000 cost efficiency per talent the organization hires. This is approximately 40% less than it would have otherwise paid directly. The \$120,000 cost per Andela talent is counted in the [costs section](#).

Risks. Factors that could impact the size of this benefit for organizations include:

- The average salary of technical employees.
- The types of roles technical teams are seeking to fill.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$16.0 million.

“Being able to get some cost leverage where we need it was important. With our account manager, there were no delays. We communicate our needs, and they respond with, ‘Here’s what we can do.’”

VP, WORLDWIDE PARTNER AND EXPERT SERVICES, SOFTWARE

Worker Cost Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Talent from Andela supporting projects annually	A1	20	40	50
E2	Average cost of full-time employee support	Interviews	\$200,000	\$200,000	\$200,000
E3	Average cost of support with Andela	Interviews	\$120,000	\$120,000	\$120,000
E4	Avoided cost per talent with Andela	E2-E3	\$80,000	\$80,000	\$80,000
Et	Worker cost efficiency	E1*E2	\$4,000,000	\$8,000,000	\$10,000,000
	Risk adjustment	↓10%			
Etr	Worker cost efficiency (risk-adjusted)		\$3,600,000	\$7,200,000	\$9,000,000
Three-year total: \$19,800,000			Three-year present value: \$15,984,974		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Ability to scale talent up and down.** Interviewees said a key factor in working with Andela was the ability to add and remove talent based on project needs. The VP of worldwide partner and expert services at a software company said: “Andela’s quickness to respond to requests is helpful. If I call my account manager at Andela, I might be able to get somebody within two weeks and have them contributing within a couple days.” They said they feel confident that Andela can provide support without proposing an “outrageous” rate and long lead time. The global executive director at an advertising and marketing company spoke to efficiency with offboarding support: “Andela gives us the flexibility to add and subtract staff based on business demands. Since Andela manages the relationship with talent, they can help move them on to work with other clients.”
- **Diversity of talent supporting projects.** Andela’s reach of talent helped interviewees’ organizations to build diverse technical teams with different perspectives on work. The chief technology officer at an information technology company said: “[Andela exposes] us to talent in different regions and countries that we wouldn’t necessarily have exposure to. What we’ve seen with diversified talent is there’s different thought processes coming to the table and different approaches to troubleshooting and working through common projects. We’ve seen good outcomes with those team members.” The head of engineering at a CPG company added: “We have talent coming out of Africa and Latin America that bring an interesting balance based on their cultures. An engineer from one country who might be more outspoken might work better with one who’s quieter and from a different background, but just as brilliant of an engineer. This mix has worked really well for us.”
- **Andela’s support to clients.** Interviewees spoke highly of Andela’s ability to quickly follow up on their requests and find the right talent to support them. The VP of worldwide partner and expert services at a software company said, “Of the external partners I’ve worked with, [Andela has] done an excellent job of fostering that partnership by making personal connections with us.”

The chief technology officer at an information technology company appreciated Andela's collaborative approach: "Andela is always open to feedback and evolving their approach to fit our culture. Having a partner that you can grow with is key for us."

"The biggest thing I've noticed that's different with Andela is that they're advocates for their talent. They can identify diverse sets of skills that make for a good, balanced team that can best support our needs."

HEAD OF ENGINEERING, CPG

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Andela's services and later realize additional uses and business opportunities, including:

- **Satisfaction with workers compared to previous experiences.** Interviewees that worked with competing staffing agencies compared Andela favorably to those organizations. The head of engineering at a CPG company said: "Andela is twice as effective as what I've seen with other firms when it comes to shortening cycle times and managing opportunity costs." In terms of quality, the global executive director at an advertising and market company said, "The quality isn't even close with some of our partners. We have better quality talent by working with Andela."
- **Managed service program (MSP) drives greater time and cost efficiencies.** The chief technology officer at an information technology company ran test cases with Andela's MSP approach, where a team consisting entirely of Andela talent managed end-to-end delivery of a project. The interviewee said that the work carved out for one of the projects would have taken nine months for their internal

team to complete; with Andela, the project was delivered in three months while meeting the company's quality standards.

- Andela provided a right-sized team to handle the work so efforts on the project were cost efficient. The interviewee added: "It's a better way to work, having a fixed amount of workers to focus on specific areas that you carve out. ... We've already grown our team tremendously and now we're evolving with MSP support to add to that."

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

Project acceleration with MSP

66%

"We've seen better success rates with the managed service program (MSP) model. It was a perfect fit for what we needed and what we're looking to do more of."

CHIEF TECHNOLOGY OFFICER, INFORMATION TECHNOLOGY

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	Andela service costs	\$0	\$2,520,000	\$5,040,000	\$6,300,000	\$13,860,000	\$11,189,482
	Total costs (risk adjusted)	\$0	\$2,520,000	\$5,040,000	\$6,300,000	\$13,860,000	\$11,189,482

ANDELA SERVICE COSTS

Evidence and data. Costs varied for interviewees’ organizations based on the skill sets of workers they added from Andela. There were not any additional costs from leveraging Andela’s services beyond paying for the talent itself.

Modeling and assumptions. Based on the interviews, Forrester assumes the average rate for the mix of talent brought over from Andela is \$10,000 per month.

Risks. Factors that could impact the size of this benefit for organizations include:

- The type of skill sets the organization is seeking to add.
- The number of workers the organization is seeking to add.

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 \$11.2 million.

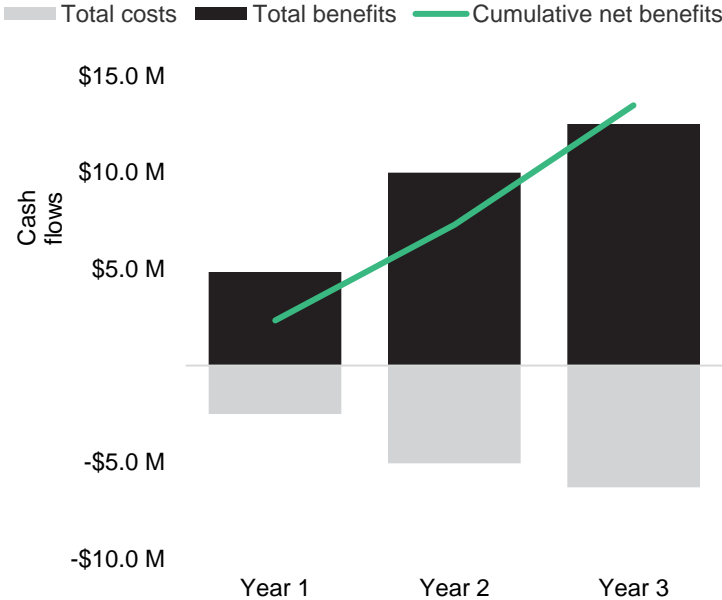
ANALYSIS OF COSTS

Andela Service Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Projects per month	A1	0	20	40	50
F2	Average monthly rate for talent	TEI standard	\$0	\$10,000	\$10,000	\$10,000
Ft	Andela service costs	F1*F2*F3* 12 months	\$0	\$2,400,000	\$4,800,000	\$6,000,000
	Risk adjustment	↑5%				
Ftr	Andela service costs (risk-adjusted)		\$0	\$2,520,000	\$5,040,000	\$6,300,000
Three-year total: \$13,860,000			Three-year present value: \$11,189,482			

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 and NPV values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted)					
	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$2,520,000)	(\$5,040,000)	(\$6,300,000)	(\$13,860,000)	(\$11,189,482)
Total benefits	\$4,855,098	\$9,985,735	\$12,482,169	\$27,323,003	\$22,044,439
Net benefits	\$2,335,098	\$4,945,735	\$6,182,169	\$13,463,003	\$10,854,957
ROI					97%

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.

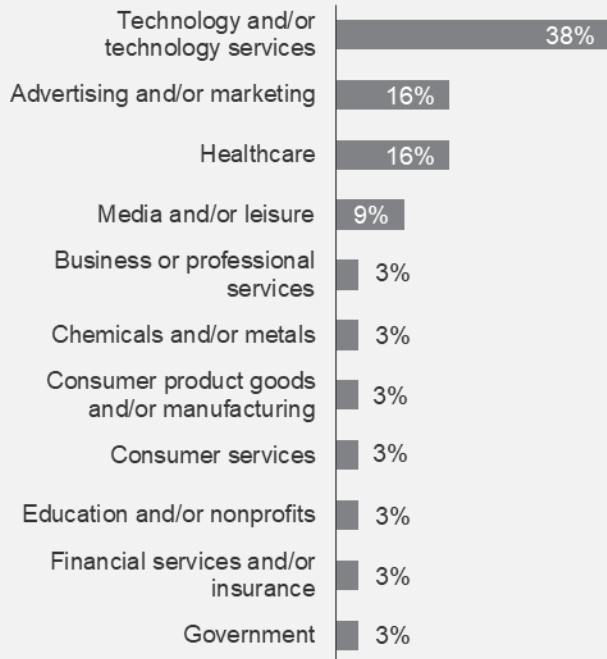
The initial investment column contains costs incurred at “time 0” or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the 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.

APPENDIX B: INTERVIEW AND SURVEY DEMOGRAPHICS

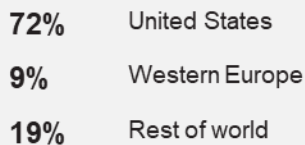
Interviews			
Role	Industry	Region	Number of employees
VP, worldwide partner and expert services	Software	HQ in North America, global operations	3,000+
Global executive director	Advertising and marketing	Global operations	10,000+
Chief technology officer	Information technology	North America	1,500+
Head of engineering	CPG	HQ in North America, global operations	130,000+

Survey Demographics

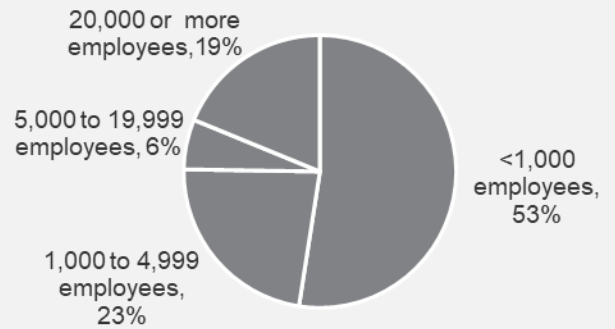
“Which of the following best describes the industry to which your company belongs?”



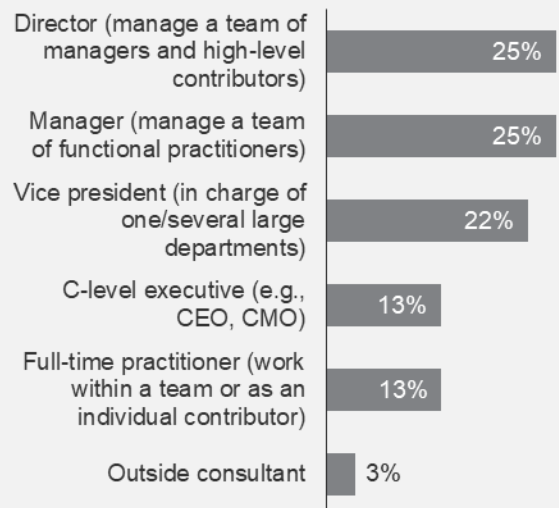
“In which country are you located?”



“Using your best estimate, how many employees work for your firm / organization worldwide?”



“Which title best describes your position at your organization?”



Base: 30 Andela customers

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Andela, May 2024.

APPENDIX C: SUPPLEMENTAL MATERIAL

Related Forrester Research

[Maximize The Impact Of Service Providers In Delivering High-Performance IT](#), Forrester Research, Inc., June 4, 2024.

[How To Recruit, Develop, And Retain The Best Digital Talent](#), Forrester Research, Inc. March 21, 2024.

[How To Tackle Your Emerging Tech Skill Gaps](#), Forrester Research, Inc., December 7, 2023.

APPENDIX D: 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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