# Calculate the Cost of Switching Technology Vendors

There's more to navigating the conversation surrounding consolidating or switching technology than just calculating the monthly cost difference. It's a (potentially significant) strategic mistake to end the analysis here. The 'soft' switching opportunity cost combines with the hard cost to offer a complete analysis of the total cost (or savings) of switching technology providers.

## How Do You Measure the Switching Opportunity Cost?

CALCULATION

Hard Switching Opportunity Cost + Soft Switching Opportunity Cost =

**Switching Opportunity Cost**

Measuring soft switching opportunity cost is critical, but it's difficult to strike the right balance between sufficient analytical rigor and overcomplication. Here's a framework to get you started.

**Step 1: Calculate the difference in annual cost between your current technology vendor and your new vendor.**

### IDENTIFY STATUS QUO

**Step 2: Calculate current average quota attainment (per month) of each seller.**

*If you can, identify this value both numerically and as a percent of annual quota. Remember, it may make sense to segment these numbers by business unit (e.g., Enterprise vs. Commercial, US vs. EMEA, etc.).*

Total Employees Assigned Licenses: ___________

Avg. Monthly Quota Attainment (Numeric): ____ Avg. Monthly Quota Attainment (Percentage): ____

CALCULATION

(Total employees assigned licenses) * (Avg. quota attainment) =

**Production Status Quo**

**Step 3: Calculate the estimated salary spend (per month) that your RevOps team and admins are dedicating to supporting the technology.**

*Since sellers aren't the only folks impacted by a tech vendor switch, you need an understanding of the time, and, therefore money, others are spending to support existing tools.*

Total non-sales employees dedicated to supporting existing tech vendor: __________

Average hours/month dedicated to supporting existing tech vendor: __________

Average salary (hourly) per supporting team member: ___________

CALCULATION

(Total supporting employees) * (Avg. monthly support hours) * (Avg. hourly supporting salary) =

**Support Cost Status Quo**

## IDENTIFY SWITCHING COSTS AND BENEFITS

**Step 4: Estimate implementation soft costs.**

*During implementation, sellers may attain less quota as they direct energy into learning a new software. The RevOps team may dedicate more time than normal to vendor management and configuration.*

For sellers:

Estimated Implementation Timeline (months): ___________

Avg. Monthly Quota Attainment Reduction During Implementation (assume 10%): _________

CALCULATION

(Total employees assigned licenses) * (Est. Implementation Timeline) *

(Avg. Monthly Quota Attainment Reduction) =

**Implementation Production Soft Cost**

For RevOps and admin employees:

Estimated Implementation Timeline (months): ___________

Estimated Additional Supporting Time Spend / employee (monthly hours): _________

*This number will vary by team, but you should develop a perspective on this. Ask RevOps leadership for a realistic estimate.*

**Step 5: Estimate implementation benefits.**

*Determine estimated quota attainment lift and supporting cost reduction post-implementation.*

For sales employees:

Increased Monthly Quota Attainment Reduction After Implementation: _______________

*Push your tech vendor to provide a perspective on this. Vendor-produced artifacts like Business Value Assessments can help quantify the impact of a given technology on revenue growth.*

CALCULATION

(Total employees assigned licenses) * (12 months - Est. Implementation Timeline) * (Avg. Monthly Quota Attainment Increase) =

**Post-Implementation Production Benefits**

For RevOps and admin employees:

Delta in Support Hours Needed Per Rep: _______________

*Push your tech vendor to provide a perspective on this. Vendor-produced artifacts like Business Value Assessments can help quantify the impact of a given technology on revenue growth.*

CALCULATION

(Total supporting employees) * (12 months - Est. Implementation Timeline) * (delta in monthly support hours) * (Avg. hourly supporting salary) =

**Post-Implementation RevOps Benefit (or cost)**

**Step 6: Putting it all together to calculate Switching Cost.**

CALCULATION

(Post-Implementation Production Benefit) - (Monthly Implementation Production Soft Cost) * (Implementation length) + (Post-Implementation RevOps Benefit) - (Monthly RevOps Implementation Cost) * (Implementation Length) =

**Annual Switching Opportunity Cost**

## What the Results Mean

<table>
<tr><th>Positive</th><th>Zero</th><th>Negative</th></tr>
<tr><td>Your projected ROI is directionally positive so you should feel confident moving forward with an investment.</td><td colspan="2">It’s time to get creative. Evaluate if there are use cases the technology could solve for that were not included in the initial analysis. How would addressing these use cases impact switching cost and benefit?</td></tr>
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## Why This Matters

### Sales Leader

1. **Be confident in the buying decision.** Nobody wants to introduce technology that ultimately hinders quota attainment; use this as a gut check.

2. **Boost morale and drive adoption.** Reps are motivated by financial incentives; demonstrating additional quota attainment potential can increase team morale (and platform adoption).

### Revenue Ops

1. **Be confident in the buying decision.** Understanding efficiencies (or additional support needed) to support a new technology vendor can help navigate budgeting, headcount, and strategic planning.

 