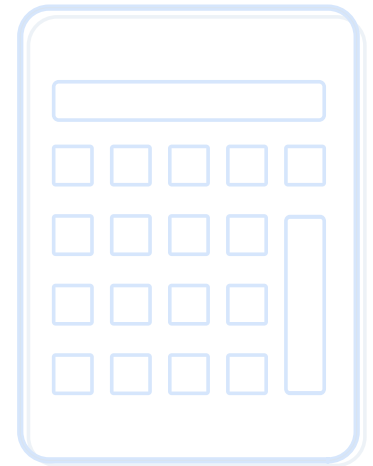# Calculating the value of Segment

Segment provides infrastructure to easily collect customer data from all of your customers' digital touchpoints. Once you stream your data to Segment, you can activate 200+ tools. As a result, you can realize significant cost savings by eliminating countless engineering hours spent testing, implementing, and maintaining integrations and ETL pipelines.

In addition to engineering time savings, Segment also drives value for your company by getting business teams up and running with new tools more quickly. Powering each tool with a clean and consistent data set will produce better results, revenue, and engagement.

To help you quantify the value Segment can bring to your company, we've created a framework to calculate the cost of building a solution like Segment internally. This calculator was informed by direct customer feedback on how they've seen Segment impact their organizations.

Step 1

Determine the cost of your engineers' time

Building and maintaining integrations is a tedious task for most engineering teams. To calculate the value of Segment for your organization, the first piece of data you'll need is the average engineer's salary at your company. You'll use this data to calculate the cost of time spent building and maintaining integrations.

(1.1) Average Engineer Salary		$
	÷ 52 (weeks per year)	$
	÷ 40 (hours per week	$
(1.2) Average Engineer Hourly Rate		$

Industry average

According to Glassdoor, the average software engineer salary in the US is $104,000 or $50/hour. You can also use Glassdoor to search for salaries in your region.

Source: Glassdoor.com

Determine the time investment to build and maintain Destinations

Destinations include any software vendor you integrate with your websites, mobile apps, and servers.

(2a.) Number of Destinations Planned   Destinations
_____

Like Adobe Analytics, Facebook Offline Conversions, Firebase, Marketo

(2b.) Onboarding Hours

Learning new API		_____ hrs.
Developing a spec for what data to track		_____ hrs.
Dropping the library/SDK into your code	Web + Mobile + Server =	_____ hrs.
Instrumenting each event that needs to be tracked	Web + Mobile + Server =	_____ hrs.
Reviewing, testing, and debugging the integration		_____ hrs.
Troubleshooting data discrepancies		_____ hrs.

(2c.) Maintenance Hours

Maintaining and updating code	hrs/mo. * 12 =	_____ hrs.
Adding new events to track	hrs/mo. * 12 =	_____ hrs.
Responding to vendor API updates	hrs/mo. * 12 =	_____ hrs.
Other	hrs/mo. * 12 =	_____ hrs.

Step 2 Totals - Destinations

(2a.) Total Number of Destinations Planned		Destinations
(2b.) Total Onboarding Hours	Sum of all (2b.) values	hrs.
(2c.) Total Maintenance Hours	Sum of all (2c.) values	hrs.

Time implementing via Segment

Implementing Segment the first time is similar to implementing a single Destination. It will require you to learn Segment's API, determine the user attributes and events that you want to track, and install the appropriate library or SDKs into your code. However, Segment's simple API and clear documentation make a Segment implementation easier than most. And, once you integrate, you don't need to repeat the process for other tools. You're done!

Industry average

Based on a survey of Segment customers, it took an average of 100 engineering hours to connect a new Destination before implementing Segment. It also required 21 hours per month of maintenance work to keep a single Destination up and running.

With enterprise tools like Adobe Analytics or Hubspot, this number can easily double or triple based on the implementation,

Source: Segment Integration Time Assessment Survey

Determine the time investment to build and maintain Cloud Sources

Cloud Sources include any software vendor from which you extract data, like sales opportunities or email opens.

(3a.) Number of Cloud Sources Planned   Cloud Sources

Like Salesforce, Zendesk, Stripe, Intercom

(3b.) Onboarding Hours

Defining what data points are needed   hrs.

Writing ETL service   hrs.

Reviewing, testing, and debugging code   hrs.

Troubleshooting data discrepancies   hrs.

(3c.) Maintenance Hours

Maintaining and updating ETL script   hrs/mo. * 12 =   hrs.

Responding to 3rd party API updates   hrs/mo. * 12 =   hrs.

Dependencies (e.g., security updates, license changes, etc.) hrs/mo. * 12 =   hrs.

Other   hrs/mo. * 12 =   hrs.

Step 3 Totals: Cloud Sources

(3a.) Number of Cloud Sources Planned		Cloud Sources
(3b.) Total Onboarding Hours	Sum of all (3b.) values	hrs.
(3c.) Total Maintenance Hours	Sum of all (3c.) values	hrs.

Time implementing via Segment

Implementing Cloud Sources with Segment takes a few minutes at most. Just enable a Cloud Source in your Segment dashboard, enter your credentials, and that's it. Data from the Source will start flowing to your warehouse or other Destinations immediately.

Industry average

Based on a survey of Segment customers, it took an average of 96 engineering hours to connect a new Cloud Source before implementing Segment. It also required 55 hours per month of maintenance work to keep a single Cloud Source up and running.

Source: Segment Integration Time Assessment Survey

Determine the time investment to build and maintain Warehouses

Warehouses, or cloud databases, are a special category of Destinations where you transform and load your customer data for analysis.

(4a.) Number of Warehouses Planned .... Cloud Sources

Like Amazon Redshift, Postgres, Google BigQuery, Snowflake

(4b.) Onboarding Hours

Defining the schema	hrs.
Building data collection library	hrs.
Building ETL pipeline	hrs.
Debugging and testing ETL pipeline	hrs.
Troubleshooting data discrepancies	hrs.

(4c.) Maintenance Hours

Maintaining and updating code	hrs/mo. * 12 =	hrs.
Updating tracking code	hrs/mo. * 12 =	hrs.
Other	hrs/mo. * 12 =	hrs.

Step 4 Totals: Warehouses

(4a.) Number of Cloud Sources Planned		Warehouses
(4b.) Total Onboarding Hours	Sum of all (4b.) values	hrs.
(4c.) Total Maintenance Hours	Sum of all (4c.) values	hrs.

Time implementing via Segment

In comparison, connecting a data warehouse with Segment takes minutes. Simply select the sources of data you want to connect, add in your warehouse credentials, and that's it. Segment will take care of all ETL processes and will dynamically update your schema when and if you send new properties, saving countless maintenance hours.

Industry average

Based on a survey of Segment customers, it took an average of 108 engineering hours to connect a new warehouse before implementing Segment. It also required 40 hours per month of maintenance work to keep an ETL service up and running.

Source: Segment Integration Time Assessment Survey

Putting it all together

Next, you will need to multiply the cost of building each type of integration by the number of Destinations, Cloud Sources, and Warehouses you plan on using. In total, these make up your complete cost of building a solution to Segment internally.

(5a.) Destinations

Total Onboarding Hours	2b		hrs.
Maintenance Hours	+ 2c		hrs.
Number of Destinations	* 2a		hrs.
	Total (5a.)		hrs.

(5b.) Cloud Sources

Total Onboarding Hours	3b		hrs.
Maintenance Hours	+ 3c		hrs.
Number of Cloud Sources	* 3a		hrs.
	Total (5b.)		hrs.

(5c.) Warehouses

Total Onboarding Hours	4b		hrs.
Maintenance Hours	+ 4c		hrs.
Number of Warehouses	* 4a		hrs.
	Total (5c.)		hrs.

(5d.) Total Time Investment

Destination Total + Cloud Sources Total + Warehouses Total	(5a.) + (5b.) + (5c.)	hrs.

Total cost of building and maintaining integrations

Ta-da! Simply use the totals from the other sections to calculate the total value of implementing Segment. By comparison, implementing Segment will only cost you the time it takes to integrate a single Destination. Connecting Cloud Sources and Warehouses just take a few minutes.

**Total Time Investment (5d.) * Hourly Engineering Rate (1.2)** $

Pro Tip

Consider the opportunity cost of the projects your engineers could be working on instead of the hours spent building and maintaining the integrations above. What product would you build if your engineers weren't working on integrations?

Additional benefits of Segment

The last thing to consider is the added value Segment will generate for you when powering your integrations and simplifying your implementations. With Segment, it's easy to ensure all of your tools are working off a consistent data set, so you're able to deliver a more cohesive customer experience.

Top-line growth

Every tool that you use becomes more effective when powered with a consistent data set that's structured and complete." to Every tool that you use becomes more effective when powered with behavioral data that's structured and complete.

- Improve ad optimization with personalized retargeting, lookalike models, and conversion events built on first-party data
- Increase user engagement by triggering messages from dynamic user behavior rather than static lists
- Reduce churn by improving customer experience issues identified with analytics

Eliminate vendor switching costs

Time-to-value for new tools is dramatically increased because you can onboard new tools faster and backfill historical customer data using Segment Replay." to "Segment dramatically increases time-to-value for new tools because you can backfill historical customer data using Segment Replay.

- Make the most of tools you've purchased by getting started right away instead of waiting for a long implementation
- Increase engineer productivity by focusing efforts on core product instead of implementations
- Improved returns generated by backfilling historical data instead of waiting for months for a new tool to "catch up"" > "Choose the right tools by testing them with a sample of your own data

How big will your return be?

Find out more about how Segment can drive value for your business. Reach out to the Segment team at segment.com/demo for a custom consultation or learn how other customers have benefited from Segment at segment.com/customers.