A Forrester Total Economic Impact™
Study Commissioned By Brex
February 2020

The Total Economic Impact™ Of Brex

Cost Savings And Business Benefits Enabled By Brex

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ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Key Benefits

Reduction in receipt compliance effort:
75%

Reduction in monthly accounting reconciliation time:
50%

Value of rewards realized:
$446,514

Executive Summary

Brex provides a high-limit business credit card and proprietary expense management technology tailored to modern businesses. Brex enables companies to instantly access capital, reduce accounting and administration time, and earn corporate-friendly rewards. Brex underwrites the business, and not the individual, by using a proprietary underwriting algorithm.

Brex commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Brex on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six customers using Brex.

Prior to using Brex, the customers used a mix of automated clearing house (ACH) scheduled payments and personally guaranteed, consumer-oriented credit cards with cumbersome back-end expense processes and management technology. By underwriting an individual within the enterprise rather than the enterprise itself, these prior solutions did not promote growth or build credit, and the administration and management of the solutions were time-consuming from an accounting perspective.

Moving to Brex resolved these issues. By switching to the Brex card, customers started building business credit immediately and realized increased accounting and management productivity, cash equivalent rewards, and a reduction in expense report fraud. Brex also provided easy access to real-time spend information promoting user flexibility as well as user controls.

Key Findings

Quantified productivity benefits. The following risk-adjusted present value (PV) quantified productivity benefits are representative of those experienced by the companies interviewed. These time savings allow technical or skilled employees to focus on higher level tasks. The total savings equals $1.2 million over three years

- **Accounting automation and integration.** The interviewed organizations express significant time savings using the automation and integration features of Brex expense management technology. Brex integrates with the customer’s enterprise accounting system, including automated mapping, resulting in fewer errors as each charge is correctly categorized in the customer’s general ledger (GL) account. Customers report a savings of 140 hours per week, reducing monthly reconciliation time by 50%.
- **Receipt compliance management.** Receipt compliance is a challenging task for both the administrator and the employee. Brex streamlines the receipt compliance process, reducing the expense reporting effort by 75%. With this Brex receipt compliance functionality, employees save a total of 200 hours per week.

ROI
493%

Benefits PV
$2.6 million

NPV
$2.2 million

Payback
<3 months

- **Card management.** Ongoing card management, compared to the customer's prior state, proves to be cost effective. The ability to onboard and offboard employees, replace user cards, and easily change user limits through the Brex dashboard, saves customers 7 hours per week on average.

Quantified financial benefits. The following risk-adjusted present value (PV) quantified financial benefits are representative of those experienced by the companies interviewed. The total savings equals $1.4 million over three years.

- **Reduced employee expense report fraud.** As many employee personal card users make their own travel arrangements, submitting the expenses for reimbursement on their weekly expense reports, charges such as hotel or car rental deposits can be fraudulently submitted twice, causing accounting reports to be erroneous, misleading, and unreliable. Interviewed customers claim that Brex is able to nearly eliminate this type of expense report fraud with its real-time accounting software integration. The total three-year savings for expense report fraud reduction is $557,095.

- **Increased return from rewards program**. Like most credit cards, Brex offers its customers rewards in the form of travel and/or statement credit. While customers mention a learning curve in order to fully maximize the rewards, the average organization realizes rewards with a net value of $446,514 over three years.

- **Increased liquidity compared to ACH.** Upon adoption of Brex, interviewed organizations are given a 30-day opportunity to deploy cash elsewhere, stimulating company growth. Instead of using cash reserves to pay monthly expenses, the customers, now with credit, can invest in expanding their operations. This benefit offers a net value of $424,243 over three years.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- **Real-time spend information.** Through the Brex reporting function, card administrators are able to access real-time information regarding users' spending with Brex. Through its filter feature, managers can see which departments and employees are spending and on what, allowing for more informed, analytical decision making.

- **Security.** Brex users have immediate access to virtual cards through the Brex dashboard, making online purchases more secure. Brex also monitors for fraud using Brex and partner technology.

- **Instant enrollment.** Brex's unique underwriting tool enables qualified companies to start using their credit line within minutes of applying.

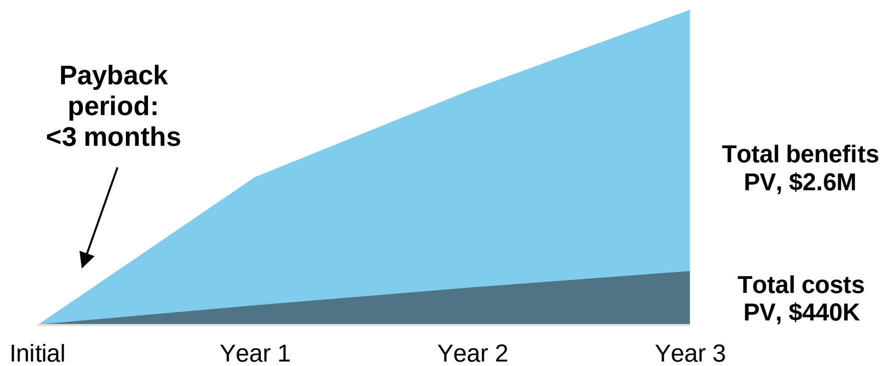
Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

- **Recurring card fees.** The first five cards have no associated monthly fee, and additional cards cost $5 per month per card. For a total of 800 cards over three years, Forrester calculated a PV cost of $118,623.

- **Business disruption costs.** Brex offers its customers a dynamic credit line based on the balance of the company's operating account, meaning that if for some unforeseen reason the bank balance drops, the customer's credit line will be impacted accordingly. While this is not an issue for larger Brex customers, the consequences of this type of disruption could include lost sales and damaged relationships with vendors for smaller companies. This cost totaled $321,378 over a three-year period.

Forrester's interviews with six existing customers and subsequent financial analysis found that a company, based on these interviewed organizations, experienced benefits of $2.6 million over three years versus costs of $440,001, adding up to a net present value (NPV) of $2.2 million and an ROI of 493%.

Financial Summary



Benefits (Three-Year)

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing the Brex Card.

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 the Brex Card can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DUE DILIGENCE
Interviewed Brex stakeholders and Forrester analysts to gather data relative to Card.

CUSTOMER INTERVIEWS
Interviewed six organizations using Card to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed 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 interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling the Brex Card's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Brex 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 report to determine the appropriateness of an investment in the Brex Card.

Brex 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.

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

The Card Customer Journey

BEFORE AND AFTER THE CARD INVESTMENT

Interviewed Organizations

For this study, Forrester conducted six interviews with Brex customers. Interviewed customers include the following:

INDUSTRY	INTERVIEWEE	WHY ADOPT BREX?
Workflow productivity service provider	Head of finance	Hoped to find an easy-to-use, back-end expense management system with the ability to easily search, add, and restrict card users.
Micromobility	Business operations lead	Looked for a card that would promote growth through a higher credit limit than other credit solutions.
Software-as-a-service for equity management	Junior accountant	Sought more flexibility, a higher credit line, and better business-focused rewards.
IT security software provider	Senior accountant	Had a collection of lower limit cards requiring personal guarantees. Wanted to consolidate into one high limit card and eliminate the personal guarantee.
eCommerce	Senior accounting manager	Searched for a card solution with an underwriting policy that would meet the needs of a startup.
Cloud software services	Chief strategy officer	Wanted to develop a new travel and expense (T&E) program strategy for employees.

Key Challenges

Interviewed companies had many difficulties with their previous credit situations. The key challenges are as follows:

- **Cumbersome monthly closes and reconciliations.** Accounting staff found that with their previous card solutions, they had to manually match each card charge to an expense account in their chart of accounts, making their monthly closes time-consuming and tedious. And with those card providers that did provide some back-end expense management technology, the customers found the automation and mapping inadequate.
- **Labor intensive expense reporting and receipt compliance.** Expense reporting was not systemized or integrated with the customers' existing card expense management software. Weekly expense reporting that utilizes employee personal credit cards is a poor use of time for high level employees and provides much room for internal fraud and error.
- **Poor card management features.** Managers wanted the ability to quickly add, delete, and restrict users. In their previous environment, the administrator would have to personally call the credit card company to perform these time-consuming tasks.
- **Rewards being earned on owner or employee personal cards**. With rewards not being directed to the companies, the organizations were not earning any benefits, which are equivalent to cash.

"Brex saves me from having to track 250 or categorize 250 categories or transactions through its automation feature, and through the dashboard, I get to see who exactly used it and for what."

Head of finance, workflow productivity service provider

"There's definitely time savings with Brex, especially, when it comes to receipt compliance. We have to go through our annual audit every year. And so, by having those receipts in one spot and easily accessible, it gives us the ability to go through that audit much more quickly than before."

Senior accounting manager, eCommerce

- **Inability to access high credit limit.** Access to credit is difficult for venture-funded and non-traditional businesses. Interviewees' previous solutions, which were significantly based on personal credit cards, required owners and/or cofounders to personally guarantee the credit lines, leaving them in a very precarious position in the event of a downturn in their business. One senior accounting manager of an eCommerce company said: "We chose Brex because they underwrite based on our cash balance. And so, we're able to get large enough capacity to sustain the business by leveraging that."

"Prior to adopting the Brex card, we were a lot like many companies, where we had a blended T&E program that allowed employees to utilize an authorized corporate credit card by department for purchases, and then we had some using their personal credit cards, as well as using all the various expense reporting tools. You quickly learn that you need to move towards a more consolidated approach."

Chief strategy officer, cloud software services

Solution Requirements

The interviewed organizations searched for a solution that could provide:

- Strong underwriting procedure and policies.
- Integrated expense management technology.
- Corporate-focused rewards program.

"I think the biggest factor for us was the underwriting procedure and policies."

Senior accounting manager, eCommerce

Key Results

The interviews revealed that key results from the Brex investment include:

- **An expense management system** that seamlessly integrates into market leading enterprise resource planning (ERP) and accounting software, providing significant time savings in monthly card reconciliations, receipt compliance, and expense reporting.
- **A user-friendly dashboard** allowing for real-time access to card user information and enabling better card management, reporting, onboarding and offboarding employees, and adjusting user limits.
- **Higher rewards return** with industry-friendly multipliers. Brex's rewards program, giving the customer an immediate return on spend in the form of statement credit or travel bookings, was seen as an important benefit allowing for continued growth.
- **Unique underwriting and immediate access** to credit and working capital. This result provided the opportunity for the companies to invest elsewhere, promoting growth and scalability.

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the six companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section.

The composite organization is a US-based, venture-funded company with approximately 800 employees. The organization uses the integrated Brex expense management technology, has 800 card users, and a $14 million Brex annual spend. The composite organization's previous solution was a combination of ACH payments and personal credit cards.

Key assumptions:
- Uses integrated expense management technology
- 800 card users
- Annual $14 million spend

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	Efficiency gained from automation, receipt compliance, and card management	$475,392	$475,392	$475,392	$1,426,176	$1,182,230
Btr	Reduced employee expense report fraud	$224,016	$224,016	$224,016	$672,048	$557,095
Ctr	Increased return from rewards program	$179,550	$179,550	$179,550	$538,650	$446,514
Dtr	Increased liquidity compared to automated clearing house (ACH)	$466,667	$0	$0	$466,667	$424,243
	Total benefits (risk-adjusted)	$1,345,625	$878,958	$878,958	$3,103,541	$2,610,082

Efficiency Gained From Automation, Receipt Compliance, And Card Management

Most interviewees highlighted the time savings Brex provides to their accounting staff. The Brex accounting automation/integration feature offers efficiencies on monthly statement postings, reconciliations, and closes.

The interviewees also mentioned their prior need for a more systemized, efficient expense report process that eliminates errors and fraud. Brex's receipt compliance feature relies on the card user to send a photo of each card purchase to Brex via SMS or mobile app, which uses an automated optical character recognition (OCR) program that matches, processes, and posts the expense to the customer's expense management software. This greatly reduces employee time spent on weekly expense reports, as well as reducing managerial follow-up with employees.

Similarly, the dashboard technology Brex offers its customers facilitates card management. Without the need to interact with Brex customer service to issue new cards, for example, customers can direct that time and effort to other tasks.

Forrester heard from interviewees:

- One manager said: "Brex has a very easy-to-use user interface. You sign in, and you see everything you need to see. You can search for charges, you can add new users very easily, you can restrict users. It's just very, super simple."
- Another manager added: "As they start categorizing merchants with certain categories, I can now take those categories that Brex has and then apply them to my expenses in my accounting software."

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $2.6 million.

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- A chief strategy officer stated: "Because it's all in Brex, it really just comes down to 'did the receipt match, is this the limit, is it the correct vendor?' And that is easily 50% buyback of time, because Brex has this great feature to match receipts. It isn't always perfect. But it's way better than the manual process of what employees were doing before."
- Another interviewee mentioned: "So, with your QuickBooks, Brex pulls down your chart of accounts, views your categories, then matches them up together and you're good to go."

For the financial analysis, Forrester assumed:

- Twenty-five percent (25%) of FTEs typically submit weekly expense reports. In the composite company, these 200 employees are sales managers, which cost an average of $65 per hour.
- Seven (7) FTEs (accountants) would be impacted by the automation and card management time savings benefits at a rate of $40 per hour.
- Not all productivity gains translate into additional work being completed; therefore, Forrester applied a 50% productivity capture to the sales managers.

The level of this benefit will vary based on how many people are affected and how efficient they were before implementing Brex. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $1,182,230.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Efficiency Gained From Automation, Receipt Compliance, And Card Management: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of accountants; automation, integration, and card management		7	7	7
A2	Hourly rate per person		$40	$40	$40
A3	Number of hours saved weekly		20	20	20
A4	Productivity improvement from automation	A1*A2*A3* 48 weeks	$268,800	$268,800	$268,800
A5	Number of sales managers, receipt compliance		200	200	200
A6	Hourly rate per person		$65	$65	$65
A7	Number of hours saved weekly		1	1	1
A8	Percent captured		50%	50%	50%
A9	Productivity improvement for receipt compliance	A5*A6*A7*A8* 48 weeks	$312,000	$312,000	$312,000
A10	Number of accountants, card management		7	7	7
A11	Hourly rate per person		$40	$40	$40
A12	Number of hours saved weekly		1	1	1
A13	Productivity improvement from card management	A10*A11*A12* 48 weeks	$13,440	$13,440	$13,440
At	Efficiency gained from automation, receipt compliance, and card management	A4+A9+A13	$594,240	$594,240	$594,240
	Risk adjustment	↓20%			
Atr	Efficiency gained from automation, receipt compliance, and card management (risk-adjusted)		$475,392	$475,392	$475,392

Reduced Employee Expense Report Fraud

Several interviewees mentioned needing a better system of controls surrounding employee expense reporting. They found that a decentralized expense reporting process, using employee personal cards, allowed for errors and fraud in two areas. The first area was with travel deposits, e.g., employees could easily double-book hotel and car rentals as expenses. They also discovered occasional losses after terminated employees submitted their final expense reports. Once terminated employees are reimbursed, there is virtually no recourse if fraud occurs. By centralizing the process with one card solution and eliminating the need for employees to use their personal cards, these issues were significantly reduced.

According to one interviewee, "By having this all on the company's credit card, we're now seeing deposits and other things returning back to us in short order, instead of us having to wait the spend cycle, making sure this wasn't paid out."

For the composite organization, Forrester assumes that:

- Approximately one-third of all company charges are employee-driven (versus large accounts payable purchases).
- The national standard percentage of fraudulent expense report submissions is 6%.

The Association of Certified Fraud Examiners estimates that 6% of revenue is lost to fraudulent report submissions.

The reduction in expense report fraud will vary with:

- The number of expense reports previously submitted.
- The types of charges authorized and submitted on expense reports.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $557,095.

Reduced Employee Expense Report Fraud: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Employee card charges subject to fraud		$4,667,000	$4,667,000	$4,667,000
B2	National standard % of fraudulent submissions		6%	6%	6%
Bt	Reduced employee expense report fraud	B1*B2	$280,020	$280,020	$280,020
	Risk adjustment	↓20%			
Btr	Reduced employee expense report fraud (risk-adjusted)		$224,016	$224,016	$224,016

Increased Return From Rewards Program

Interviewees across the board enjoyed the cash equivalent benefit of the rewards program Brex offers. Most of the interviewees were using an ACH and/or owner credit card solution prior to adopting Brex, and employees were using personal cards for reimbursable business expenses. Therefore, the businesses themselves were not earning any type of rewards. Brex offers two types of corporate rewards: 1) travel benefits in the form of direct booking with rewards points or points transfer into airline miles programs and 2) cash back in the form of a statement credit. Some specific charges earn additional rewards, or multiplier points, in industry categories that are typically meaningful to venture-funded companies, like rideshare or software subscription services.

According to one interviewee: "It's hugely beneficial for us because we just doubled our rewards per month (by adopting Brex). So essentially, a lot of our travel costs are going down as well as cash back going into the business if we put it that way."

Regarding multipliers, one interviewee commented, "One good example of how we're able to leverage that Brex multiplier is we reached out to Uber and asked to consolidate into one big business account. Then we could charge that once a month on the Brex and get the float from Brex."

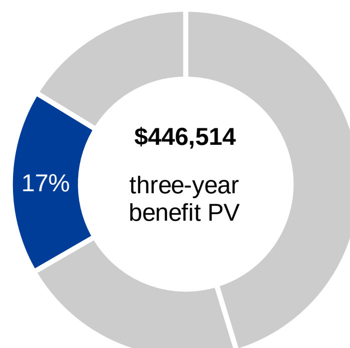
For the composite organization, Forrester assumes that:

- Annual Brex spend of $14,000,000
- The composite earned 1.35% in rewards.

The percentage rewards return benefit will vary with:

- Amount of annual spend.
- If the charges are subject to reward multipliers.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $446,514.



Increased return from rewards program: 17% of total benefits

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Increased Return From Rewards Program: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Average spend per year		$14,000,000	$14,000,000	$14,000,000
C2	Reward return	1.35%			
Ct	Increased return from rewards program	C1*C2	$189,000	$189,000	$189,000
	Risk adjustment	↓5%			
Ctr	Increased return from rewards program (risk-adjusted)		$179,550	$179,550	$179,550

Increased Liquidity Compared To Automated Clearing House

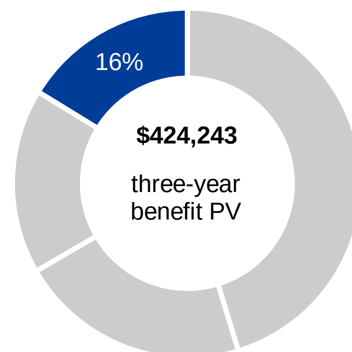
Upon adoption of Brex, each organization gains the benefit of 30 days' liquidity not previously accessible, allowing for investment and growth. One interviewee discussed how this benefit enabled its organization to expand and launch its service in a second city location. Specifically, they said, "Being able to access a high credit line so quickly gave us the power to grow and launch in new cities."

Another interviewee said: "The main reason for us is the cash conversion cycle and kind of optimizing our working capital. And so, Brex was really useful for that as we were able to consciously defer our expenses a month, and then really improve on that cycle."

For the composite organization, Forrester assumes that:

- The average monthly Brex spend is $1,166,667.
- Half of the monthly charges are replacing ACH purchases.

The 30-day liquidity benefit will vary depending on monthly spend and how much of that spend was previously ACH vs. owner or employee credit cards. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $424,243.



Increased liquidity to automated clearing house: 16% of total benefits

Increased Liquidity Compared To ACH: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Average annual spend on Brex		$14,000,000	$0	$0
D2	Average monthly spend on Brex	D1/12	$1,166,667		
D3	Percent spend replacing ACH (not credit card)		50%		
Dt	Increased liquidity compared to ACH	D2*D3	$583,334	$0	$0
	Risk adjustment	↓20%			
Dtr	Increased liquidity compared to ACH (risk-adjusted)		$466,667	$0	$0

Unquantified Benefits

Interviewees shared three additional benefits that could not be quantified for this study. Some of them may contribute to the quantified examples above.

- **Instant enrollment**. The interviewees appreciated the ability to apply and get approved with a credit line in under 10 minutes.
- **Real-time spend information**. Interviewees found the user-friendly dashboard accessible and intuitive. They were able to rapidly access detailed card user information, including limits, amounts charged, department spends, etc., which in turn improved analysis, reporting, and decision making. A customer said: "I get the daily transaction report, and I can look instantly and see on the daily transaction report that this guy bought cigars or a $300 bottle of wine, right? Which isn't authorized. Whereas the old way, we were in reactive mode."
- **Security.** Brex leverages its own internal fraud models and those of its partners to continuously detect and prevent fraud. Brex also gives its users the ability to quickly activate a virtual card, even for just one purchase, allowing the users to feel more secure using the card online. One interviewee mentioned, "If we wanted to create a virtual card — maybe we would buy something from a shady website — we could create one just for that one purchase."

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Brex and later realize additional uses and business opportunities.

Forrester heard several examples of how interviewees have leveraged or plan to leverage Brex:

- One customer stated, "It has enabled us to improve our cash flow each month."
- An accounting manager said, "We're able to put more money into marketing and growing the business."
- According to another manager, "Future additional ERP integrations are coming down the pipe."
- An officer mentioned, "We're creating a T&E policy to revolve around Brex rewards."

None of these future opportunities were included in the financial analysis.

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

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**
Etr	Recurring card fees	$0	$47,700	$47,700	$47,700	$143,100	$118,623
Ftr	Business disruption costs	$0	$129,231	$129,231	$129,231	$387,692	$321,378
	Total costs (risk-adjusted)		$176,931	$176,931	$176,931	$530,792	$440,001

Recurring Card Fees

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of nearly $440K.

Brex charges a simple monthly fee of $5 per card after the issuance of the first five cards at no cost. For the financial analysis, Forrester assumed:

- Five dollar ($5) monthly card fee.
- The card fee is applied to 795 cards (800 users less 5 “included” cards).

Given that the specific card fee amount is not expected to change in the future, Forrester did not adjust this cost for risk. Recurring card fees yield a three-year total PV of $118,623.

Recurring Card Fees: Calculation Table						
REF.	**METRIC**	**CALC.**	**INITIAL**	**YEAR 1**	**YEAR 2**	**YEAR 3**
E1	Card user fees per year ($5 charged per month per card over 5 users)	$5*12 months		$60	$60	$60
E2	Number of cards charged	800-5 cards		795	795	795
Et	Recurring card fees	E1*E2	$0	$47,700	$47,700	$47,700
	Risk adjustment	0%				
Etr	Recurring card fees (yearly) (risk-adjusted)		$0	$47,700	$47,700	$47,700

Business Disruption Costs

Brex offers a dynamic credit line that is tied directly to the customer’s bank balance. As most Brex customers are funded by venture capital with large bank balances, Brex is able to offer higher credit lines than traditional card solutions. Conversely, if the bank account balance drops significantly, for whatever reason, the credit line will be reduced, which is potentially disruptive to operations. Larger customers with a higher bank balance are not typically impacted by the dynamic credit line. With the same underwriting, companies with limits over $1 million never see limits fluctuate.

For the financial analysis, Forrester assumed:

- Two (2) days to reinstate credit line.

- Two hundred and sixty (260) business days per year.

The business disruption cost will vary based on the following:

- Percent use of credit limit. If an organization is not maximizing its line, a reduction of that line may not be impactful.
- Severity of issue causing credit line reduction, as that may impact time to resolve and reinstate line.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $321,378.

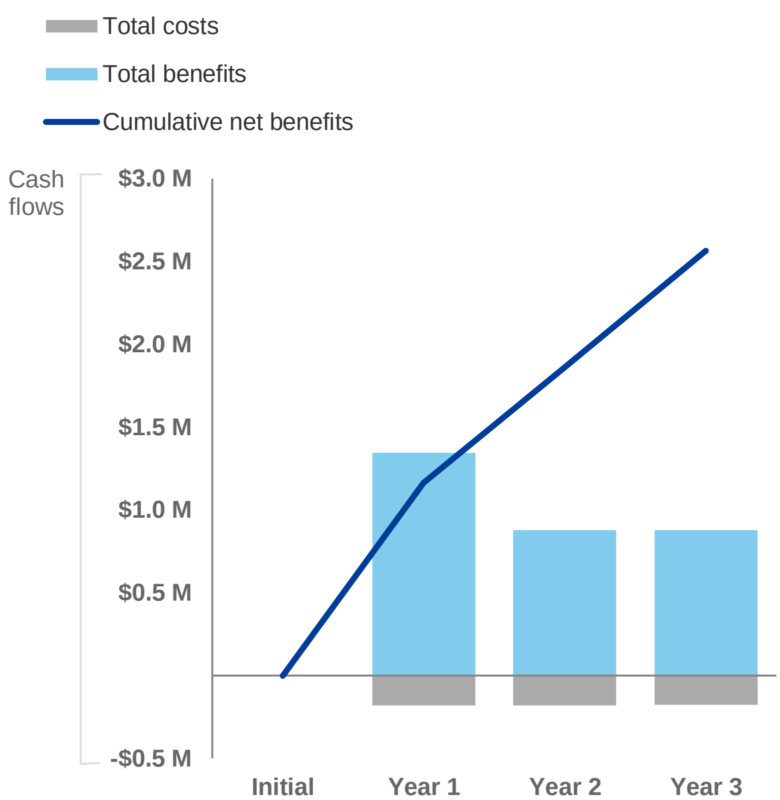
Business Disruption Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Annual spend on Brex card (avg)			$14,000,000	$14,000,000	$14,000,000
F2	Days to reinstate credit line			2	2	2
F3	Business days per year			260	260	260
Ft	Business disruption costs	G1*(G2/G3)	$0	$107,692	$107,692	$107,692
	Risk adjustment	↑20%				
Ftr	Business disruption costs (risk-adjusted)		$0	$129,231	$129,231	$129,231

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)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	$0	($176,931)	($176,931)	($176,931)	($530,792)	($440,001)
Total benefits	$0	$1,345,625	$878,958	$878,958	$3,103,541	$2,610,082
Net benefits	$0	$1,168,694	$702,027	$702,027	$2,572,748	$2,170,081
ROI						493%
Payback period						<3 months

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Brex Card: Overview

The following information is provided by Brex. Forrester has not validated any claims and does not endorse Brex or its offerings.

All your corporate finances, all in one place:

Brex makes it faster and easier to manage your company's finances so you can get back to growing. From a single, intuitive dashboard, you can spend, save, and borrow money to seize opportunities as they appear. Live support is there whenever a question pops up. And seamless financial integrations mean you'll focus less on busywork and more on the big picture.
Brex makes it easy to use money the way you want to grow your company, giving you the freedom to dream big.

How it works:

Make life easy for finance teams and employees

Manage expenses and get full control over company spend. Save hours closing your books each month by using direct integrations with top accounting and expense management software like NetSuite, QuickBooks, Xero, and Expensify. Automate employee expensing workflows with instant receipt-capture, which makes handling expenses as easy as snapping a picture on your phone.

Streamline and control your company spend

Robust card management tools make it easy to set individual spending limits per employee to stay within budget and remain audit-compliant.

Maintain visibility of your full financial picture

See who's spending what and when. Pull custom reports of your data in real time from Brex's centralized dashboard. Slice and dice to reveal and review spending trends.

Earn unlimited rewards points

Earn more points on all purchases, and redeem them for statement credit, travel booked through Brex, or airline miles with partners like JetBlue.

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 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.

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.