TOTAL ECONOMIC IMPACT

The Total Economic Impact™ Of Algolia

A FORRESTER TOTAL ECONOMIC IMPACT STUDY COMMISSIONED BY ALGOLIA, FEBRUARY 2026

COST SAVINGS AND BUSINESS BENEFITS ENABLED BY ALGOLIA

FORRESTER®

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Executive Summary

Modern digital customer experience and merchandising professionals face a critical challenge: their customers expect fast, accurate, and intuitive discovery, yet legacy solutions — whether embedded in commerce solutions, bundled with e-commerce platforms, or built in-house — fail to deliver. Because of this, these businesses face issues like poor relevance, high null-result rates, and the inability to handle complex catalogs or natural language queries — especially in technical B2B contexts. Such limitations directly impact the bottom line via conversion rates, average order value, and customer satisfaction, making search a revenue-critical function rather than a back-end feature.

Algolia addresses these challenges through a cloud-native, SaaS, search-and-retrieval platform. The platform offers advanced features like typo tolerance, dynamic ranking, and rich indexing, which provides faster, more accurate multimodal product discovery and the ability to choose where the AI decides on the spectrum of an automated or curated merchandising capability. As a result, companies experienced measurable gains in revenue and efficiency, such as higher average order values, increased conversion rates, and significant time savings for marketing, operations, merchandising, and developer teams.

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

213%

Return on investment (ROI)

$3.1M

Net present value (NPV)

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Algolia. For the purposes of this study, Forrester aggregated the experiences of the interviewees and combined the results into a single composite organization that is an e-commerce organization with $600 million in annual revenue and 607.5 million searches annually.

Interviewees said that prior to using Algolia, their organizations replied on native or legacy search solutions bundled with their e-commerce platforms or in-house implementations, which offered limited relevance and the poor handling of complex catalogs, and required heavy manual effort for merchandising and updates.

After the investment in Algolia, the interviewees noted that the solution's fast, accurate, and flexible search and discovery enabled rich product indexing, AI-powered merchandising, and personalized recommendations. This resulted in higher conversions, improved customer experience, and reduced operational and development effort across teams.

Key Findings

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

- **Increased operating profit due to a $12 million increase in net revenue.** The composite organization sees an increase in operating profit driven by an increase in revenue. The composite transforms product discovery from a major friction point into a revenue driver. It attributes growth to faster, more relevant search, dynamic recommendations, and automated merchandising. This increases shopper satisfaction rates and leads to an increase in additional items being added to the cart. The composite's customers also complete purchases faster and return to the store more often. The increase in revenue resulting in more operating profit is worth more than $2.5 million to the composite organization over three years.
- **Improved efficiency for commerce teams with up to 35% of time saved.** The composite organization's marketing and merchandising teams save significant time by replacing manual, spreadsheet-driven ranking and product updates with

automated boosting and drag-and-drop controls. The composite's sales and customer service teams also benefit from faster product lookup and reduced search-related inquiries, cutting call handling times and improving responsiveness. Collectively, these efficiencies translate into fewer operational bottlenecks and allow the composite organization to focus on growth initiatives rather than troubleshooting search issues. This time savings is worth $1.6 million to the composite organization over three years.

- **Redeployed developer savings of 1.5 FTEs.** Before Algolia, the composite relied heavily on developers to maintain its in-house, native search solution, troubleshoot relevance issues, and manually implement improvements. With Algolia, the composite organization cuts this workload, freeing up the time of dedicated search engineers for higher-value initiatives, enabling faster rollouts, and improving customer experiences. This redeployment is worth $396,000 over three years to the composite organization.

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

- **Improved customer experience and brand perception.** The composite organization offers a seamless and intuitive search experience which garners praise in customer feedback, whereas before, search was a frustration point. This improvement strengthens brand reputation and loyalty, positioning the composite organization's website as an industry leader in usability.
- **Improved organizational agility.** With Algolia, the composite organization eliminates technical bottlenecks and reduces dependency on developers for routine changes, gaining agility with Algolia by eliminating technical bottlenecks and reducing dependency on developers for routine changes. Its cloud-native SaaS architecture and intuitive tools enable teams to manage merchandising and adjust search experiences in real time — even during high-pressure events — streamlining operations and accelerating responsiveness.
- **Faster innovation, time to market, and scalability across regions.** Algolia makes launching new features and markets fast and simple for the composite. The composite organization rolls out advanced search capabilities — like instant results, dynamic filtering, and multilingual support — without long development cycles. This helps businesses adapt quickly during peak demand and expand globally with ease.
- **Enhanced employee productivity, satisfaction, and collaboration.** Algolia automates routine tasks and eliminates manual product sorting using dynamic reranking to simplify. Its teams now spend less time fixing search issues and more time on strategic projects that improve customer experience. This shift boosts efficiency and collaboration while making work less repetitive and more rewarding.
- **Increased confidence in data and search accuracy.** Algolia restores the composite organization's confidence in search by delivering accurate, relevant results every time. Features like typo tolerance, synonyms, and dynamic ranking ensure the composite's customers and teams can quickly find what they need without constant manual fixes. This reliability reduces frustration and frees merchandising teams to focus on strategy instead of troubleshooting.
- **Enhanced customer service.** The composite organization values Algolia's commitment to partnership rather than just support. It appreciates the team's responsiveness, creative problem-solving, and proactive efforts like handling tickets and tailoring solutions to meet unique needs.

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

- **Total license fees of $489,000 annually based on 607.5 million searches annually.** The composite organization pays approximately $0.0007 per search, resulting in $1.2 million in license fees over three years.
- **Total initial and ongoing costs of $224,000.** The composite organization incurs initial costs tied to implementation and short training periods, with most effort focused on setup and integration rather than infrastructure. Ongoing costs are largely limited to occasional optimization work with minimal time required for maintenance, making the solution effectively turnkey after deployment.

The financial analysis that is based on the interviews found that a composite organization experiences benefits of $4.5 million over three years versus costs of $1.4 million, adding up to a net present value (NPV) of $3.1 million and an ROI of 213%.

Annual increase in revenue due to Algolia

$12.0M

> *"After launching Algolia, we saw a significant increase in search usage — about 25%. More users were engaging with search and finding relevant results. Some of this growth can be attributed to UX improvements we implemented at the same time, leveraging Algolia's capabilities like autocomplete and recommended searches. These features helped us engage customers more effectively once they interacted with the search box. Additionally, we made the search box visible by default on desktop, whereas previously it required a click to display."*
>
> **Senior director of commerce technology, metal goods**

Key Statistics

213%

Return on investment (ROI)

$4.5M

Benefits PV

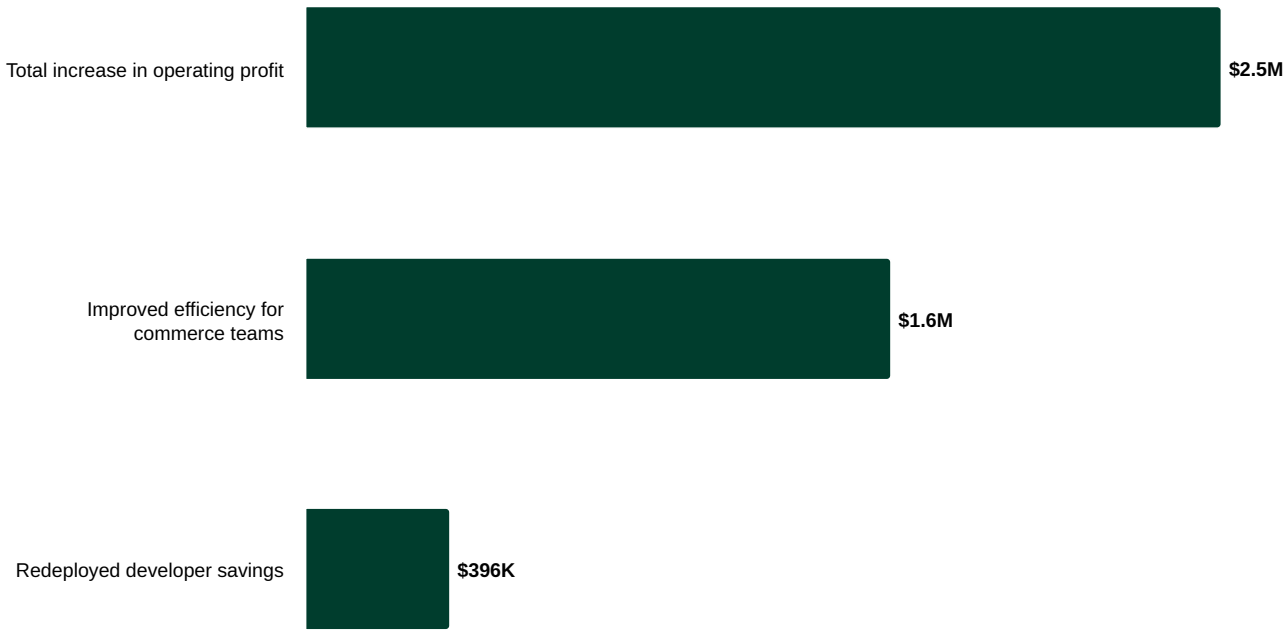
$3.1M

Net present value (NPV)

<6 months

Payback

Benefits (Three-Year)



The Algolia Customer Journey

Drivers leading to the Algolia investment

Interviews			
Role	**Industry**	**Region**	**Revenue**
E-commerce manager	Automotive	US	$500M
Product manager — digital factory	Packaging supplies	EU	$1.7B
Product manager — e-commerce	Home improvement	LATAM	$1.7B
Senior director of commerce technology	Metal goods	US	$400M

Key Challenges

Prior to adopting Algolia, interviewees' organizations relied on legacy search solutions or search solutions embedded in their commerce platforms, which delivered poor relevance, limited flexibility, and minimal merchandising control. Search experiences were largely static, lacked typo tolerance and synonyms, and required heavy developer involvement for even minor improvements. This resulted in frustrated users, missed revenue opportunities, and operational inefficiencies, setting the stage for a shift toward a more dynamic, scalable, and customer-centric solution.

Interviewees noted how their organizations struggled with common challenges, including:

- **Poor relevance, static, exact-match search, and high null results.** Interviewees said their legacy and commerce-native search solutions routinely returned low-quality or irrelevant results, especially where catalogs were technical or search terms were long-tail. Often, these legacy solutions yielded "no results" even when valid products existed. Since matching was largely literal, customers struggled to find products, decreasing click-through rates and harming add-to-cart behaviors. Teams lacked confidence in search as a growth lever and spent time fielding complaints rather than optimizing outcomes. The net effect was conversion drag at the very moment of purchase intent.
  A product manager of digital factory at a packaging supplies company noted: "Our customers often refer to products using their own words, which don't match the official product names. This makes it difficult for them to find what they're looking for because the search engine relies on exact text matching. As a result, customers frequently couldn't locate the product they had in mind."
  A senior director of commerce technology at a metal goods company shared, "One of our key challenges was handling null search results [which is] when users searched for something and nothing was displayed, leaving them with no options to select from."

- **Limited merchandising control.** Interviewees lacked tools to pin hero products, boost promotional items, bury out-of-stock SKUs, or curate category pages, which forced slow, manual workarounds. Seasonal priorities and trading decisions struggled to appear in the experience, blunting campaign impact. The absence of intuitive controls meant merchandising intent rarely translated into commercial outcomes. The product manager of digital factor at a packaging supplies company commented: "One of our biggest challenges was the inability to filter results, especially by brand and price. We also couldn't boost or bury categories. For example, if we wanted to promote a product we needed to sell or push an out-of-stock product down in the results, we had no way to do it."
- **Heavy developer dependency and slow iteration.** Interviewees said that basic changes, such as synonyms, ranking rules, fallback logic, required developers — often in black-box stacks — creating bottlenecks and reducing agility. Their teams experienced long cycles for small adjustments, diverting engineering time from strategic work. The result was constrained experimentation and slower responses to market signals. A product manager of e-commerce at a home improvement

company noted: “Improving the search engine was extremely challenging because every change depended on developers. For example, if someone in the business searched for ‘door’ and saw products they didn’t want to sell, they had to ask a developer for help. Unfortunately, developers often didn’t know how to fix it because the system was like a black box, making it very difficult to refine search results.”

- **Weak linguistic handling and B2B complexity.** According to interviewees, legacy search engines struggled with typos, multi-word synonyms, and language specifics (e.g., long Dutch compounds), creating dead ends despite genuine intent. In B2B contexts, highly technical product naming did not align with natural search language, limiting the discovery of specialty products. This mismatch directly hurts findability and customer satisfaction. A product manager of digital factory at a packaging supplies company said: “Managing synonyms was extremely complicated. Using even two synonymous words was nearly impossible. The user interface was not user-friendly, making both business and technical tasks challenging. Language management was particularly difficult for Dutch, where words can be very long. From a technical perspective, there were no libraries or out-of-the-box components available, meaning every improvement had to be custom-built from scratch.”
- **Operational friction due to nondynamic filters and clunky workflows.** Nondynamic faceting, thin content indexing, and unfriendly back-office UX forced spreadsheet imports and manual updates and discouraged adoption. Routine tasks (sorting, refreshing categories, indexing content) were slow and error-prone, delaying launches. The friction raised the cost of action and reduced the cadence of optimization and merchandising work. A product manager of digital factory at a packaging supplies company noted: “In our previous environment, updating products or influencing search results was very complicated. It required creating spreadsheet files and importing them into a back office that wasn’t user-friendly. Because the process was so tedious and frustrating, people often avoided doing it altogether.”
- **Revenue leakage and limited agility in promotions.** Weak relevance, null results, and rigid merchandising collectively suppressed conversion and average order value for the interviewees’ organizations, while slow change processes hurt time to market during high-stakes periods (e.g., holidays). Several interviewees noted that search-led sessions represented a large share of online revenue, magnifying the impact of underperformance. Faster, in-production adjustments were seen as essential to recapturing leakage. A product manager of e-commerce at a home improvement company shared: “Twenty-two percent of our website sessions used search, yet those sessions accounted for roughly 16% of our online revenue. This showed us how critical search is — its impact on revenue is disproportionately high. We knew that improving the search engine would have a significant effect on overall company performance.”
- **Catalog complexity due to variants, colors, and hierarchies.** Interviewees said their organizations needed to surface the right variant (e.g., color) or present a rollup view for seasonal collections, but their commerce-native tools often forced a single product model. As a result, their customers could not easily find the exact configuration they wanted, weakening relevance and upsell. Interviewees’ organizations lacked flexible control over variant presentation in results. A senior director of commerce technology at a metal goods company shared: “Our old search system didn’t align with how our catalog is structured. We use a product-variant hierarchy, but it’s not consistent — our top product isn’t grouped as one product with color variants. Instead, we have multiple entries due to seasonal collections and other factors. As a result, products aren’t always grouped correctly. Our native search solution, however, expected a structure where a search for a product displays a clean, unified set of results.”

Solution Requirements/Investment Objectives

The interviewees searched for a solution that could:

- Improve search relevance and reduce null results.
- Enable merchandising control without developer reliance.
- Reduce operational complexity and manual workflows.
- Improve agility and time to market.
- Handle catalog complexity and variants.
- Support multilanguage and B2B needs.
- Scalability and ease of integration.

> *"By leveraging Algolia as our platform, we've been able to create new, innovative experiences, such as improved filtering and color-based searches. While these enhancements may seem incremental, they significantly improve usability and were implemented quickly thanks to the team's growing familiarity with Algolia's APIs and capabilities. This efficiency translates into reduced effort and faster delivery of industry-leading customer experiences."*
>
> **Senior director of commerce technology, metal goods**

Composite Organization

Based on the interviews, 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 interviewees' organizations, 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, multibillion-dollar online retailer has a strong brand, global operations, and a large customer base. It has $600 million in annual revenue, and 607.5 million searches are conducted on its website per year. The composite's commerce team includes 18 marketers, 30 customer service providers, 56 salespeople, and three merchandisers.
- **Deployment characteristics.** The composite organization begins using the solution in Year 1, following an implementation period of three to four months. The initial rollout covers 100% of the composite's websites across all geographies and product lines.

KEY ASSUMPTIONS

- $600 million in annual revenue
- 607.5 million annual searches
- 18 marketers
- 30 customer service providers
- 56 salespeople
- 3 merchandisers

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	Total increase in operating profit	$1,020,000	$1,020,000	$1,020,000	$3,060,000	$2,536,589
Btr	Improved efficiency for commerce teams	$632,665	$632,665	$632,665	$1,897,996	$1,573,345
Ctr	Redeployed developer savings	$159,375	$159,375	$159,375	$478,125	$396,342
	Total benefits (risk-adjusted)	$1,812,040	$1,812,040	$1,812,040	$5,436,121	$4,506,276

Total Increase In Operating Profit

Evidence and data. Interviewees noted that Algolia turned search from a passive utility into a strategic growth driver. By improving relevance, reducing null results, and enabling dynamic merchandising, interviewees reported that more visitors converted and average order values increased. Their teams leveraged Algolia's intuitive controls to promote high-margin products and seasonal campaigns without developer bottlenecks, ensuring faster execution during critical trading windows. Better product discovery also unlocked upsell and cross-sell opportunities that were previously missed, creating a more personalized and frictionless experience for shoppers.

A product manager of digital factory of a packaging supplies company shared: "We saw a notable increase in revenue after implementing Algolia driven by improved search functionality and enhancements to the overall user experience. While higher raw material costs and subsequent price adjustments contributed to the revenue growth, the uplift was also supported by better product discovery and usability improvements. A significant portion of the gains came from the Algolia search engine itself, which is a critical feature for users."

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

- The composite has annual revenue of $600 million.
- The composite sees a 2% increase in revenue, which is worth $12 million, due to Algolia.
- A 10% profit margin is applied to revenue.

Risks. Results may not be representative of all experiences, and the benefit will vary depending on the following:

- Total revenue.
- Increase in total revenue.
- Profit margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2.5 million.

> *"Our internal teams — customer service, sales, and marketing — use search extensively. Features like autosuggestions and previews make finding products faster and easier. Users can start typing and instantly see suggested terms and related products, often without completing the full query. This has eliminated the previous barrier of poor search results, reducing time spent browsing and improving efficiency across the organization."*
>
> **E-commerce manager, automotive**

Total Increase In Operating Profit					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Total revenue	Composite	$600,000,000	$600,000,000	$600,000,000
A2	Annual increase in revenue due to Algolia	Composite	2%	2%	2%
A3	Total increase in revenue due to Algolia	A1*A2	$12,000,000	$12,000,000	$12,000,000
A4	Profit margin	Composite	10%	10%	10%
At	Total increase in operating profit	A3*A4	$1,200,000	$1,200,000	$1,200,000
	Risk adjustment	↓15%			
Atr	Total increase in operating profit (risk-adjusted)		$1,020,000	$1,020,000	$1,020,000
	Three-year total: $3,060,000		**Three-year present value: $2,536,589**		

Improved Efficiency For Commerce Teams

Evidence and data. Interviewees reported that Algolia's implementation transformed operational efficiency across multiple business functions. Their merchandising teams moved from manual ranking and spreadsheet-driven workflows to dynamic, AI-powered automation, saving hundreds of hours annually and enabling strategic focus on campaign planning rather than repetitive tasks. Interviewees noted their customer service representatives resolved inquiries faster due to accurate, typo-tolerant search that reduced call durations and minimized escalations, improving both employee productivity and customer satisfaction.

Sales teams at the interviewees' organizations also leveraged Algolia's instant, relevant results during client interactions, accelerating quote generation and boosting conversion opportunities. Their marketing teams benefited from intuitive drag-and-drop interfaces and real-time control over product visibility, eliminating cumbersome back-office processes and freeing time for creative initiatives. Collectively, these improvements not only reduced operational overhead but also unlocked new capacity for growth-oriented projects, positioning the interviewees' organizations to scale efficiently while delivering superior customer experiences.

- A senior director of commerce technology at a metal goods company commented: "Our merchandising team has seen significant benefits from Algolia's automation. Instead of manually managing product rankings, they can rely on Algolia to continuously optimize sort order based on performance and relevance. This hands-off approach not only simplifies operations but also ensures that customers see the most compelling products, driving higher engagement and revenue. It's a major improvement in efficiency and a welcome change for the organization."

- A product manager of digital factory at a packaging supplies company shared: “Our call center team now uses the e-commerce site’s search engine to quickly locate products thanks to significantly improved result relevance. This enhancement saves time, reduces the duration of customer calls, and improves the quality of responses. Agents no longer need to navigate multiple back-office systems to find answers, allowing them to resolve inquiries faster and deliver a more seamless customer experience.”
- An e-commerce manager at an automotive organization noted: “We haven’t reduced headcount in customer service — our company is growing — but enhanced site search and robust FAQs have significantly cut the time agents spend helping customers locate products. Today, both customers and agents can quickly find items on their own, reducing friction across calls and chats. As a result, approximately 85% of inquiries no longer require agent-led product searches, while only about 15% still do. Although we don’t have precise call duration metrics, the qualitative impact is clear: fewer frustrations for customers and a smoother experience for employees.”
- The product manager of digital factory at a packaging supplies company commented: “Marketers have seen significant efficiency gains, saving time on merchandising tasks. Rather than spending hours on manual processes, they now reallocate that time to more strategic initiatives, improving both productivity and the quality of their work. Algolia’s intuitive tools have streamlined workflows, enabling teams to focus on creativity and campaign optimization instead of repetitive operational tasks.”
- This interviewee continued: “Our sales team also leverages the website and Algolia’s search capabilities to showcase products to new customers. Given that we manage numerous large accounts with negotiated pricing, sales representatives often need to present tailored options during discussions. Using Algolia on their tablets enables them to quickly locate and display the right products, streamlining conversations and improving efficiency.”

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

- The composite has 18 marketing FTEs that save 23% of their time due to Algolia.
- The composite has 30 customer service FTEs that save 10% of their time due to Algolia.
- The composite has 56 sales FTEs that save 12% of their time due to Algolia.
- The composite has three merchandising FTEs that save 35% of their time due to Algolia.
- The fully burdened hourly rate for each FTE is $48.
- The team members see a productivity recapture rate of 50%.

Risks. Results may not be representative of all experiences, and the benefit will vary depending on the following:

- Total number of marketing, customer service, sales and merchandising team sizes.
- Total time marketing, customer service, sales and merchandising FTEs save.
- Fully burdened hourly rates.
- Productivity recapture rate.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.6 million.

23%

Marketing FTEs time saved

35%

Merchandising FTEs time saved

Improved Efficiency For Commerce Teams					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Marketing FTEs	Interviews	18	18	18
B2	Percentage of marketing FTE time saved	Interviews	23%	23%	23%
B3	**Subtotal: Marketing FTE time saved (hours)**	**B1*2,080*B2**	**8,611**	**8,611**	**8,611**
B4	Customer service FTEs	Interviews	30	30	30
B5	Percentage of customer service FTE time saved	Interviews	10%	10%	10%
B6	**Subtotal: Customer service FTE time saved (hours)**	**B4*2,080*B5**	**6,240**	**6,240**	**6,240**
B7	Sales FTEs	Interviews	56	56	56
B8	Percentage of sales FTE time saved	Interviews	12%	12%	12%
B9	**Subtotal: Sales FTE time saved (hours)**	**B7*2,080*B8**	**13,978**	**13,978**	**13,978**
B10	Merchandising FTEs	Interviews	3	3	3
B11	Percentage of merchandising FTE time saved	Interviews	35%	35%	35%
B12	**Subtotal: Merchandising FTE time saved (hours)**	**B10*2,080*B11**	**2,184**	**2,184**	**2,184**
B13	Total hours saved on operations	B3+B6+B9+B12	31,013	31,013	31,013
B14	Fully burdened hourly rate for an FTE	Composite	$48	$48	$48
B15	Productivity recapture rate	TEI methodology	50%	50%	50%
Bt	Improved efficiency for commerce teams	B13*B14*B15	$744,312	$744,312	$744,312
	Risk adjustment	↓15%			
Btr	Improved efficiency for commerce teams (risk-adjusted)		$632,665	$632,665	$632,665
	Three-year total: $1,897,996		**Three-year present value: $1,573,345**		

Redeployed Developer Savings

Evidence and data. By adopting Algolia, interviewees' organizations gained operational agility. Interviewees noted that previously, their teams were bogged down maintaining rigid, in-house or legacy search systems that demanded heavy developer involvement for even minor refinements. Algolia's cloud-native SaaS and turnkey capabilities eliminated that burden, enabling companies to cut dedicated search engineering time and reduce reliance on external agencies. Freed from repetitive maintenance, developers were reallocated to high-impact initiatives, such as enhancing user experience, accelerating feature rollouts, and driving innovation across e-commerce platforms.

- A product manager of digital factory at a packaging supplies company shared: "Previously, we needed two developers to work on the search engine, but now only one is required. This efficiency allows us to reallocate developer time toward improving the user experience. Before, there were only limited efforts focused on the search engine, but now, thanks to the time saved in development, we can dedicate more resources to enhancing the overall user experience."
- The product manager of e-commerce of a home improvement company said: "Recently, we've reduced the developer workload significantly. Previously, we needed multiple developers to refine the search functionality, but that's no longer necessary. Now, commercial teams can use Algolia to make refinements as they see fit, while we focus on other development priorities."

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

- The composite reassigns 1.5 developers.
- The fully burdened annual salary for a developer is $125,000.

Risks. Results may not be representative of all experiences, and the benefit will vary depending on the following:

- Total number of developers reassigned.
- The fully burdened annual salary for a developer.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $396,000.

1.5

Developers reassigned to more high-value, strategic work

Redeployed Developer Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Developer FTEs reassigned	Composite	1.5	1.5	1.5
C2	Fully burdened annual salary for a developer	Composite	$125,000	$125,000	$125,000
Ct	Redeployed developer savings	C1*C2	$187,500	$187,500	$187,500
	Risk adjustment	↓15%			
Ctr	Redeployed developer savings (risk-adjusted)		$159,375	$159,375	$159,375
	Three-year total: $478,125		**Three-year present value: $396,342**		

Unquantified Benefits

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

- **Improved customer experience and brand perception.** Interviewees felt that Algolia elevated their customer experience, making product discovery faster, more intuitive, and error tolerant. Features like typo tolerance, instant search, and intelligent ranking created a seamless journey for their organizations' customers, reducing frustration and increasing satisfaction. Interviewees said their customers praised the ease of finding relevant products, even when using natural language or imperfect queries, which strengthened trust and loyalty. This improvement translated into positive feedback, reinforcing the perception of these brands as leaders in digital experience. By delivering a modern, responsive search interface, interviewees said their organizations positioned themselves as innovative and customer-centric, which they viewed as critical for staying ahead in competitive markets.

An e-commerce manager at an automotive company commented: “We’ve received both positive and critical feedback throughout this process. When we first launched Algolia’s search functionality, we conducted a survey within the first week. At that point, we were still figuring things out, so some critical feedback was expected. However, in our most recent survey, the feedback was overwhelmingly positive. Users praised how easy it is to find what they’re looking for. They highlighted features like typo tolerance, which we didn’t have before. Now, even if they make a typo, the system understands their intent and delivers accurate results. Overall, Algolia has had a very positive impact on the customer experience. That’s what matters most to us — continuously improving and staying ahead by delivering solutions that make a real difference.”

A product manager of e-commerce for a home improvement company shared: “People see us as a top-of-mind brand for home improvement. When they visit our site and can’t find what they need, they often go elsewhere which impacts our brand image. Improving search has changed that significantly. Previously, app store reviews were full of complaints like ‘I searched for A and only saw B,’ and users would uninstall the app. Now, those same reviews are positive, praising the improved search experience. Our average ratings in [app stores] have gone up, and customers are clearly happier with the results.”

- **Improved organizational agility.** Algolia reduced technical bottlenecks and accelerated time to market for new initiatives at the interviewees’ organizations, increasing their agility. Interviewees reported that the platform’s cloud-native SaaS architecture and intuitive tools allowed them to implement changes quickly without relying heavily on developers. This flexibility empowered their business users to manage merchandising, boost or bury products, and adapt search experiences in real time, especially during high-stakes events like seasonal campaigns or unexpected demand shifts. Interviewees highlighted that Algolia unlocked opportunities for innovation, such as deploying advanced filtering, multilanguage search, and AI-driven features, without complex custom builds. Overall, the ability to pivot rapidly and scale across regions strengthened the interviewees’ organizations’ operational responsiveness and supported strategic growth.

  The product manager of digital factory at a packaging supplies company shared: “We can now make changes directly in production, whereas previously we had to modify things in preproduction and wait until the next day for overnight replication. For marketing operations like Black Friday, if there were mistakes or adjustments needed, we had to wait until the following day. Now, we can easily make those changes in real time.”

- **Faster innovation, time to market, and scalability across regions.** According to interviewees, Algolia removed technical bottlenecks and simplified implementation, which allowed their organizations to accelerate the rollout of new features and product launches. Algolia’s API-first architecture and prebuilt components allowed their teams to quickly deploy advanced capabilities, such as instant search, dynamic filtering, and merchandising, without lengthy development cycles. Interviewees reported that initiatives that previously took weeks or months could now be executed in days, enabling rapid adaptation during seasonal campaigns and high-demand periods. This speed also supported the interviewees’ organizations’ global expansion, with new regions and localized experiences launched far faster than before. Algolia’s platform enabled seamless scalability across multiple languages, allowing teams to deliver effective search experiences in true multilingual environments.

  A senior director of commerce technology at a metal goods company commented: “A lot of the process has become very turnkey. For example, rolling it out to the UK wasn’t a major engineering effort — it wasn’t tens of thousands of dollars’ worth of development time. Instead, it was as simple as deciding to enable the UK, which took about two days of an engineer’s time, plus some training for the UK team to use Algolia.” The interviewee went onto to say, “We leveraged Algolia’s APIs to create new experiences quickly — things like improved filtering and predictive search would have taken thousands of hours to build from scratch.”

  This interviewee also noted: “We’ll soon be launching our European site and having search that works effectively in a true multilanguage environment is a major advantage. The platform’s capabilities — how we integrate it and the level of customization we can offer — play a big role in delivering an exceptional customer experience. That flexibility is a key part of the value we gain from this solution.”

- **Enhanced employee productivity, satisfaction, and collaboration.** Interviewees noted that implementing Algolia improved internal workflows and reduced friction for the teams that managed search and merchandising. Employees no longer had to spend excessive time manually sorting products or troubleshooting poor search results, which freed up their time and allowed them to focus on higher-value tasks like strategic initiatives and customer experience improvements. Interviewees explained

that Algolia's intuitive interface and automation capabilities made routine tasks faster and less frustrating, while making cross-team collaboration smoother. This shift eliminated repetitive, error-prone processes and empowered teams with better tools, increasing the interviewees' organizations' operation efficiency and boosting employee satisfaction.

The e-commerce manager at an automotive company noted: "We are growing because we've been able to eliminate unnecessary tasks that previously consumed employees' time. Now, they can work more efficiently and, more importantly, focus on strategic initiatives that drive the next phase of growth. Every team member has their own goals, and this shift creates opportunities for employees to step up and advance to the next level."

The product manager of digital factory for a packaging supplies company shared: "Previously, updating products and influencing search results was a complicated process. It required creating [spreadsheet] files and importing them into a non-user-friendly back office. Now, thanks to Algolia, teams can easily sort products using a simple drag-and-drop interface. Before, the process was so complex and tedious that people often avoided doing it. Now, with an intuitive interface, they're happy to spend time on these tasks. As a result, they work faster and more efficiently — and enjoy the process."

- **Increased confidence in data and search accuracy.** Interviewees emphasized that Algolia improved trust in search results and data accuracy compared to previous solutions. Before Algolia, users often encountered irrelevant or null results, creating frustration and uncertainty about product availability. With Algolia's capabilities, such as typo tolerance, synonym handling, and dynamic ranking, teams now felt assured that customers and internal users could reliably find the right products quickly. Interviewees noted this confidence extended to merchandising and operational teams, who no longer needed to second-guess search performance or manually intervene as frequently.

  The e-commerce manager at an automotive company highlighted: "I know for a fact that customers are finding products faster and adding more items to their carts more quickly. That's exactly what we aim for — creating a smooth, efficient checkout experience for everyone."

- **Enhanced support and guidance.** Interviewees noted that Algolia delivered exceptional customer service that went beyond basic support. They praised Algolia's responsiveness and willingness to collaborate on unique requirements, noting that the team actively listened and incorporated feedback into solutions. Interviewees appreciated Algolia's proactive approach, including submitting tickets on their behalf and finding creative solutions.

  An e-commerce manager at an automotive company shared: "As part of our contract, we have ongoing idea sessions and regular meetings with their team — typically weekly, though not always every week. We've been fortunate to work with an amazing representative who consistently finds solutions for us. If she doesn't have an immediate answer, she reaches out to her technical team and even submits tickets on our behalf to address issues. We often have unique requests, and being one of their first large B2B customers has allowed us to help influence their direction. Since most search platforms primarily serve B2C, we push the boundaries by requesting features outside the standard offering. We collaborate closely with their team and our own developers to make these enhancements work for our site."

> *"We're very happy with Algolia and have become quite loyal to them. They truly listen to our input, take our feedback into consideration, and consistently work to incorporate solutions that meet our needs."*
>
> **E-commerce manager, automotive**

Flexibility

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

- **Analytics driven catalog expansion.** Interviewees noted that search analytics from Algolia revealed unmet demand. These insights allowed sourcing teams to add new products using a data-driven approach.

A product manager of digital factory for a packaging supplies company shared: "We wanted to leverage analytics to gather insights because it's a great way to understand what users need. By sharing this information with the sourcing department, they can identify opportunities to add new products to the catalog when demand appears relevant."

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Total Economic Impact Approach).

> *"We wanted to measure whether Algolia improved key metrics like CTR [click-through rate] and add-to-cart rate, so we ran an A/B test comparing it to our previous search engine. After implementing Algolia for about three to four months, the results were clear: CTR increased by nearly 11%, and customers were adding more items to their carts. The improved search experience drove more visitors to product detail pages, and those visitors converted at a higher rate than before. Overall, the test confirmed that Algolia significantly enhanced the search journey and boosted engagement."*
>
> **Product manager — e-commerce, home improvement**

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	Total license fees	$0	$489,037	$489,037	$489,037	$1,467,112	$1,216,164
Etr	Total initial and ongoing costs	$62,100	$65,007	$65,007	$65,007	$257,122	$223,763
	Total costs (risk-adjusted)	$62,100	$554,045	$554,045	$554,045	$1,724,234	$1,439,927

Total License Fees

Evidence and data. Interviewees said their organizations paid license fees based on the total number of searches conducted using Algolia. Pricing may vary. Contact Algolia for additional details.

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

- The composite sees 607.5 million searches conducted annually.
- The cost per search is $0.0007.

Risks. Results may not be representative of all experiences, and the benefit will vary depending on the following:

- The total number of searches.
- Cost per search.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.2 million.

Total License Fees						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Total searches	Composite		607,500,000	607,500,000	607,500,000
D2	Cost per search	Interviews		$0.0007	$0.0007	$0.0007
Dt	Total license fees		$0	$425,250	$425,250	$425,250
	Risk adjustment	↑15%				
Dtr	Total license fees (risk-adjusted)		$0	$489,037	$489,037	$489,037
	Three-year total: $1,467,112			**Three-year present value: $1,216,164**		

Total Initial And Ongoing Costs

Evidence and data. According to interviewees, their teams spent time meeting with Algolia, maintaining the platform, and making small improvements. Their teams spent time receiving training on how to best use Algolia. Interviewees also said their organizations invested in some amount of ongoing development.

The senior director of commerce technology at a metal goods company shared: "A small group spent time getting up to speed on the platform, including initial training and ongoing account reviews. They regularly engaged with the Algolia team, asking questions like 'How do we do this?' and 'How can we improve this?' to optimize performance."

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

- The composite takes 1,000 hours initially to onboard Algolia.
- Two FTEs spend 181 hours annually on ongoing management.
- Three FTEs receive 40 hours of training.
- The composite spends $30,500 on additional ongoing costs.
- The fully burdened hourly rate for an FTE is $54.

Risks. Results may not be representative of all experiences, and the benefit will vary depending on the following:

- The time it takes to onboard Algolia.
- Total FTEs engaging in ongoing management and receiving training.
- Total hours spent on ongoing management and training.
- Total ongoing costs.
- Fully burdened hourly rate for FTEs.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $224,000.

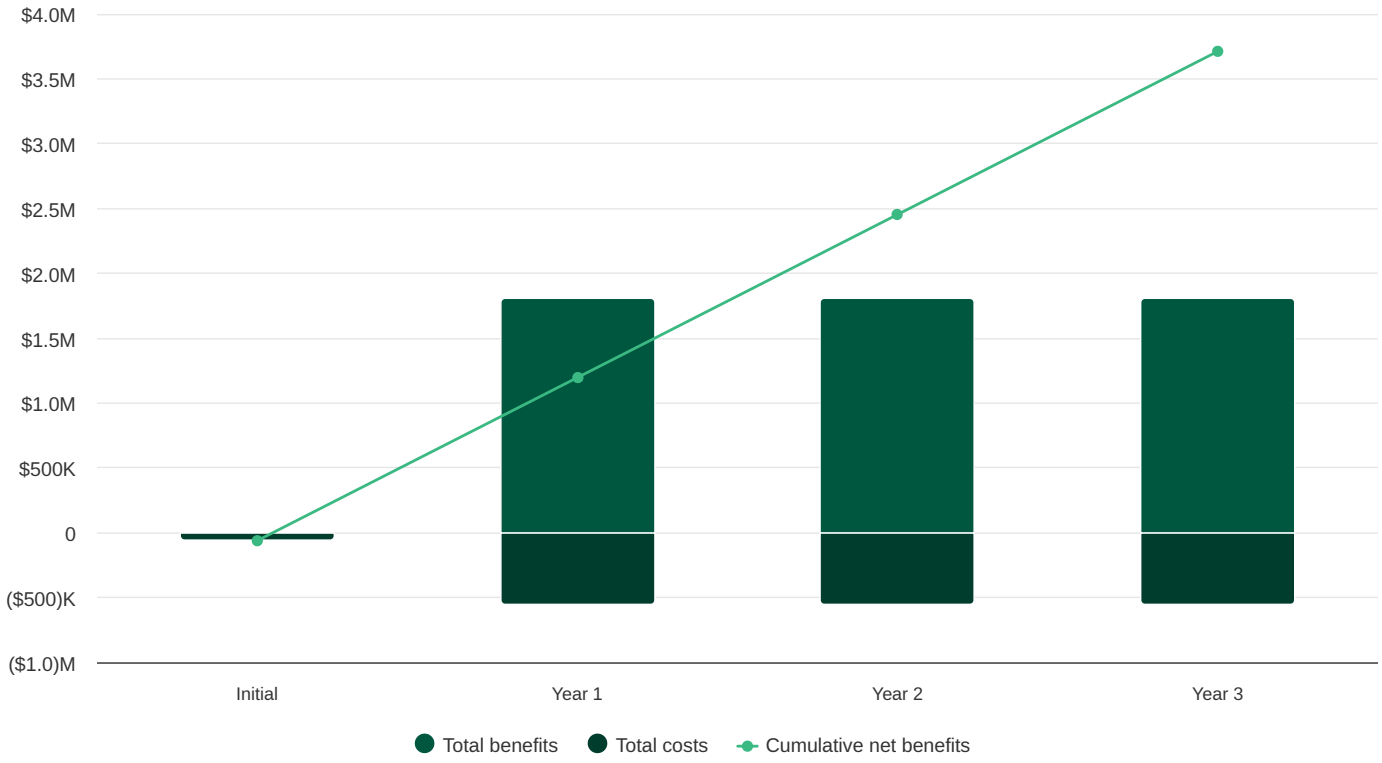
Total Initial And Ongoing Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Initial implementation hours	Interviews	1,000			
E2	Ongoing management FTEs	Interviews		2	2	2
E3	Total ongoing management time per FTE (hours)	Interviews		181	181	181
E4	**Subtotal: Total ongoing management hours**	**E2*E3**		**362**	**362**	**362**
E5	FTEs requiring training	Interviews		3	3	3
E6	Training hours per FTE	Interviews		40	40	40
E7	**Subtotal: Total training time (hours)**	**Interviews**		**120**	**120**	**120**
E8	Fully burdened hourly rate for an FTE	Composite	$54	$54	$54	$54
E9	Additional ongoing costs	Interviews		$30,500	$30,500	$30,500
Et	Total initial and ongoing costs	(E1+E4+E7)*E8+E9	$54,000	$56,528	$56,528	$56,528
	Risk adjustment	↑15%				
Etr	Total initial and ongoing costs (risk-adjusted)		$62,100	$65,007	$65,007	$65,007
		Three-year total: $257,122			**Three-year present value: $223,763**	

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



Cash Flow Analysis (Risk-Adjusted)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($62,100)	($554,045)	($554,045)	($554,045)	($1,724,234)	($1,439,927)
Total benefits	$0	$1,812,040	$1,812,040	$1,812,040	$5,436,121	$4,506,276
Net benefits	($62,100)	$1,257,996	$1,257,996	$1,257,996	$3,711,887	$3,066,349
ROI						213%
Payback						<6 months

Please Note

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.

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.

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 Algolia.

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 Algolia can have on an organization.

Due Diligence

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

Interviews

Interviewed four decision-makers at organizations using Algolia to obtain data about costs, benefits, and risks.

Composite Organization

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

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.

Glossary

Total Economic Impact Approach

Benefits

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and ongoing costs associated with the solution.

Flexibility

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. The ability to capture that benefit has a PV that can be estimated.

Risks

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."

Financial Terminology

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PVs 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

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendixes

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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

APPENDIX B

Endnotes

[1] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

Disclosures

Readers should be aware of the following:

This study is commissioned by Algolia 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 Algolia.

Algolia 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.

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

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