The Total Economic Impact™ Of Companies Like Yext On Location Data Management

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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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Executive Summary

In September 2015, Yext commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Yext. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Yext on their organizations.

Yext enables organizations to update and maintain location information for all store locations in one cloud platform while also leveraging the single platform to then distribute the most updated and accurate store information to different digital listings, directories, and publishers. Beyond publishing digital location information on different directories, Yext offers the ability to create and publish on social media platforms and individual sites for each store location. To better understand the benefits of Yext, Forrester interviewed five existing customers using Yext and developed a composite financial model and organization to represent the aggregated feedback. For the purposes of this case study, the composite organization is known as "Laud Restaurants." See Appendix A for a description of the composite organization.

"We had problems with discrepancies and inconsistent updates. We chose Yext because of the direct integrations it has with publishers for instant updates."

~Manager of media, large US fast food restaurant

Prior to engaging Yext, the composite organization, Laud Restaurants did not have an efficient method for location data management. Laud Restaurants only maintained locations for a few flagship stores on two digital directories. The organization understood the impact of inaccurate store information on both customer experience and potential opportunities in brand awareness through search engines. The company did not have the manpower or technology to claim, update, and maintain listings for all its store locations across all digital directories. The main objective for deploying Yext is to take control of the company's digital locations on over 50 digital directories, including social networks and brand sites, without increasing headcount or workload for individual store managers. Laud Restaurants also set longer term sub-goals related to measuring improvements in customer engagement, experience, and revenue.

YEXT INCREASES THE EFFICIENCY AND MAGNITUDE OF LOCATION DATA MANAGEMENT, POTENTIALLY IMPROVING CONSUMER ENGAGEMENT AND REVENUE OPPORTUNITIES

Forrester's interview with five existing customers and subsequent financial analysis found that the composite organization, Laud Restaurants, experienced the risk-adjusted ROI[*], benefits, and costs shown in Figure 1.[1] These composite results are based on Laud Restaurants' 780 locations that use the Yext Location Management Platform, PowerListings, and Pages.

The analysis points to benefits of $1,487,151 versus costs of $553,730 over three years, adding up to a net present value (NPV) of $933,421. The ROI consists of quantified efficiencies and does not include expected incremental revenue.

FIGURE 1

Financial Summary Showing Three-Year Risk-Adjusted Results

ROI: 169%	**Location data management efficiency: $1,487,151**	**NPV: $933,421**	**Payback period: five months**
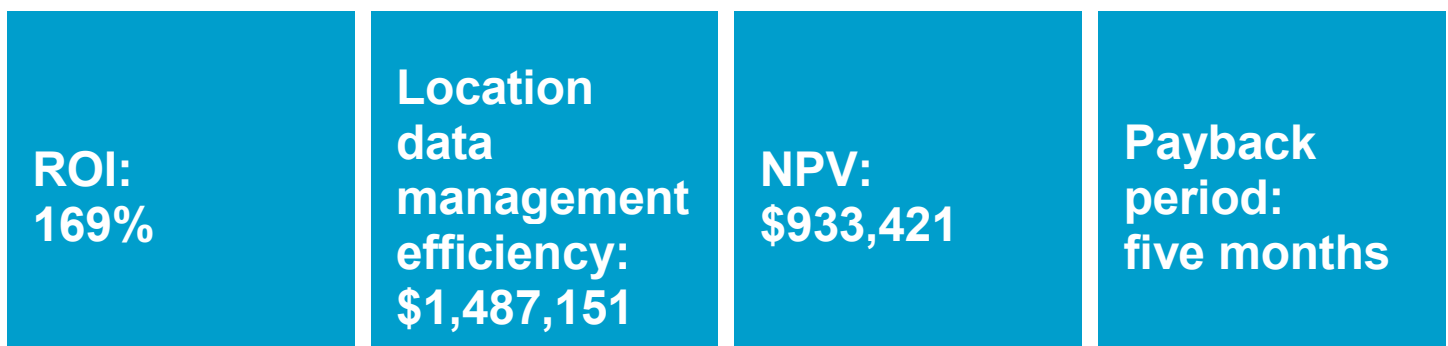
Source: Forrester Research, Inc.

* The composite ROI consists of quantified efficiencies and does not included expected incremental revenue.

› **Benefits.** The interview determined that the composite experienced the following risk-adjusted benefits:

- • **Location data management efficiency.** Yext provides a location data management technology that is directly integrated with publishers. This allows organizations to manage individual location information for all stores across more than 50 digital directories with minimal resources. Interviewed customers mentioned that the effort to manually claim and maintain each store's listing across many directories would outweigh the return. Laud Restaurants estimated that each store's manager would have to spend at least 2 to 4 hours each month to manually and only partially achieve what Yext can do in minutes with one or two centralized resources. In addition to improving efficiency through technology, the corporate office could also see a reduction of tickets opened by stores, assuming that the corporate resources update each store's listing with accurate information.

- • **Marketing cost effectiveness.** This benefit focuses on conceptually comparing the cost effectiveness of location data management and other local marketing activities. All interviewed customers highlighted that they would be unlikely to give up Yext for another item in the local marketing budget, so this benefit is only conceptually modeled in this case study. The wide range of possible local marketing activities and associated costs could potentially skew the cost effectiveness of Yext if a specific marketing activity was used for an actual model. Furthermore, as customer interviewees did not state any common alternatives, this case study can only fairly highlight examples rather than create a composite alternative marketing activity. Readers who are interested in employing this part of the model can find more information and examples of comparisons in the Analysis section.

- • **Incremental revenue.** This benefit centers on the revenue opportunity driven by improved location data management. As the interviewed customers did not have mature tracking and attribution models for offline transactions and foot traffic, this benefit is only conceptually modeled in this case study. This is a growing area of interest for businesses, and the Analysis section provides further information on leveraging data like social media check-ins and online ordering to attribute revenue to local digital marketing.

› **Costs.** The composite experienced the following risk-adjusted costs:

- • **Yext solution cost.** This cost details the annual cost per location to use each of the Yext modules: the Location Management Platform, PowerListings, and Pages.

- • **Internal labor and planning.** This cost demonstrates the internal time and effort needed for upfront implementation and ongoing operation of Yext.

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Disclosures

The reader should be aware of the following:

› The study is commissioned by Yext and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

› Forrester makes no assumptions as to the potential return on investment 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 Yext.

› Yext 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.

› The customer names for the interviews were provided by Yext. Yext did not participate in customer interviews.

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TEI Framework And Methodology

INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering deploying Yext. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision.

APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact that Yext can have on an organization (see Figure 2). Specifically, we:

› Interviewed Yext marketing, sales, and consulting personnel, along with Forrester analysts, to gather data relative to Yext and the marketplace for Yext.

› Interviewed five organizations currently using Yext to obtain data with respect to costs, benefits, and risks.

› Designed a composite organization based on characteristics of the interviewed organizations (see Appendix A).

› Constructed a financial model representative of the interviews using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the customer interviews and Yext.

› Risk-adjusted the financial model based on issues and concerns the interviewed organizations highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While the interviewed organizations provided cost and benefit estimates, some categories included a broad range of possibilities or had a number of outside forces that might have raised or lowered the benefit and cost values. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling the value of using Yext: 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 B for additional information on the TEI methodology.

FIGURE 2
TEI Approach

| Perform due diligence | | Conduct customer interviews | | Construct financial model using TEI framework | | Write case study |

Source: Forrester Research, Inc.

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Analysis

COMPOSITE ORGANIZATION — LAUD RESTAURANTS

For this study, we conducted interviews with five existing customers that have deployed Yext. A description of the five interviewed customers can be found below:

› **A large US fast food restaurant with over 1,500 locations and $1.5 billion in annual revenue.** This customer manages over 1,500 locations from two support centers and with over 500 corporate support staff. Prior to Yext, this customer engaged with three directories individually but received poor feedback from the field relating to consistency and timing of updates, discrepancies between seemingly standard fields per store, and general accuracy of listings. This customer selected Yext particularly for its direct partnerships with publishers that resulted in instant updates from the Yext platform to the publisher's site. The corporate support staff estimates that tickets that were opened weekly have now been reduced to close to zero.

› **A large US restaurant group with over 400 locations and $1 billion in annual revenue.** This customer was able to establish a process to update store location information that did not exist prior to using Yext. The customer has since expanded its listings competency beyond basic information like store hours, addresses, and phone numbers by including additional assets like limited time offerings, menu updates, seasonal promotions, menu pictures, and even philanthropic campaigns through both directories and social platforms. The customer highlighted that relative to larger marketing programs like customer loyalty and improved web experience, having accurate and efficient location data management is an easier first step in building an integrated customer experience. This customer estimated that it would take one resource per location to achieve what Yext can do.

> *"Without Yext, we simply wouldn't be able to manage all the sites and locations; it wouldn't be worth the time and people."*
>
> ~VP of interactive marketing, large US restaurant group

› **A large US restaurant group with over 1,000 locations and $4 billion in annual revenue.** This customer had experience with a technology platform with capabilities similar to those of Yext. However, due to continued inaccuracies in listings and slow updates, the customer was prompted to test different platforms. The customer selected Yext for its ability to quantify inaccuracies, deduplicate, and utilize tight integrations with publishers for instant site updates. Instant updates have proven to be a key capability that attracted this customer, as instant updates enable Yext to offer functions like simple holiday hour updates or updates when there is a natural disaster. This customer plans to begin tracking revenue impact in the future by offering and linking gift card purchases, reservations, and site activity based on users who have seen a listing.

› **A large US fast food restaurant with over 600 locations and $400 million in annual revenue.** This customer selected Yext over a competitive platform because of Yext's relatively better automation that results in reduced user entry and user errors. In addition to using Yext's location data management, this customer heavily leverages Yext for social platforms and social engagement tracking. And beyond setting up a social media page for each of its locations, the customer reviews aggregated feedback and distributes it to store managers for resolution as appropriate.

› **A large US fast food restaurant with over 3,000 locations and $3 billion in annual revenue.** This customer experienced issues with losing business to competitors. Its consumers noted that a lack of accurate or any store hours of operation often drove them to other businesses. The customer engaged all franchisees and allowed them to provide store hours through Yext. The current process increases the frequency of updating location information from once a month to once a week, with the option for marketing managers to make real-time changes as necessary during the week. Furthermore, this customer built individual web pages for each location to provide both accurate information and leverage

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in search marketing. Each page contains standardized information such as store hours, the address, and the availability of certain amenities such as Wi-Fi or drive-through.

Based on these interviews, a composite organization was created to represent the aggregated feedback and quantified experiences captured during the interviews. For the purposes of this case study, the composite organization will be known as "Laud Restaurants." Laud Restaurants offers lunch, dinner, and take-out and has the following high-level characteristics:

› It has 800 stores, with 780 in the US and 20 overseas.

› The 780 US locations are split 50/50 between corporate-owned and franchised.

› It has $1.5 billion in annual revenue across all stores.

› It utilizes the Yext Location Management Platform, PowerListings, and Pages.

"Review aggregation is huge for us. Top three things about Yext: maintaining listings, local social pages, and aggregating reviews. We might not be able to resolve every customer's issue, but we can put ourselves in the position to."

~Marketing analyst, large US fast food restaurant

Prior to engaging Yext, Laud Restaurants kept a spreadsheet with essential location information for each restaurant. This information was not updated regularly, lacked accuracy, and only included addresses, phone numbers, and store hours. Corporate-owned stores were directed to have managers spend a portion of their time either participating in social media or updating individual directories for their location. Store managers were given the freedom to decide which directories and social platforms to participate in based on their understanding of which worked best for their store. Franchisees were given much less guidance, as the corporate office understood that franchisees desire some level of autonomy and that owners ranged in technological competencies.

After Laud Restaurants onboarded a new corporate marketing director, the director hired a marketing associate to focus on local marketing and engagement, which included the evaluation of Yext and similar platforms. After evaluating several platforms and agencies, Laud Restaurants selected Yext for its direct integrations with publishers and breadth of publisher relationships — including regions outside the US. Yext was also able to provide a preliminary view into the health of Laud Restaurants' local digital locations in terms of volume of name inconsistencies, address errors, incorrect website URLs, incorrect phone numbers, and missing business descriptions based on all digital listings of the 390 corporate locations.

Laud Restaurants engaged Yext with the following high-level goals:

› In Year 1, claim and manage digital listings for 390 corporate-owned US locations while decreasing workloads for individual store managers. Expand to 390 franchise locations in Year 2.

› Create web pages and social media pages for each corporate-owned US location and track consumer feedback.

› Build a long-term plan to attribute revenue and consumer engagement with location data management and larger marketing programs.

› Propose and consider a chargeback model to incorporate all franchised locations into Yext.

INTERVIEW HIGHLIGHTS

The interview revealed the following themes:

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› **Organizations will not only save time by using Yext to take control of local digital listings, but they will also gain the ability to provide more content and information for consumers within listings.** While the first step to taking control is having a single platform to store all location information, the second step is selecting what type of information is uploaded. Basic information like address, store hours, and phone number are necessities, and marketers should ensure accuracy for these first. Beyond uploading basic information, marketers can now utilize Yext to upload larger, richer assets like menus, pictures of food, and promotional messages once instead of once per location per directory. While customers estimated it would take a store manager at each location at least 2 to 4 hours each month to only achieve a portion of Yext's effectiveness and accuracy, using the Yext platform can reduce that effort to one to two centralized resources for 2 to 4 hours each month.

› **Tracking engagement and revenue-related metrics is increasingly vital.** Customer interviewees mentioned the importance of tying a return on investment to marketing activities. Two of five interviewees mentioned methods that they have initiated and started testing and tracking. For example, one mentioned having local promotional events that offer something like "free item with purchase of x" and tracking additional transactions. Another mentioned utilizing Yext activities, such as relating an increase in social media tracked visits or check-ins to increased transactions per location. One customer interviewee highlighted that their social media check-ins increased by 75% over one year, and they are beginning to develop an attribution model for check-ins to revenue.

› **Interviewed customers invested in Yext's main capability of location and listings management, but they have highlighted several features and details that play a role in retaining them.** Customers noted that there are several options of agencies and technology platforms that are similar to Yext. All five customers mentioned that the direct integrations with publishers, resulting in instant updates and feedback on data accuracy, are the key reason for engaging Yext. Beyond the direct partnerships, customers also noted specific features that may seem like minor functions but are differentiating factors for Yext. Two customers mentioned that the ability to easily program holiday hours for all locations helped them avoid hours of manual updates. Customers that are developing a model for franchisees to leverage Yext also mentioned that the ability to control access rights and lock certain fields for users to update is a helpful feature for brand standardization. Finally, two customers highlighted the branding standardization capability achieved through Yext by providing a standard set of information and denoting certain pieces that are corporate-controlled or location- or franchisee-controlled. One customer achieved this through setting up individual pages for each location, and another customer achieved this through setting up a social media page for each location. The customer that heavily leveraged social media also mentioned that review aggregation has been a key feature and puts the company in a position to resolve customer issues directly at the local level and even at the social posting and commenting level.

BENEFITS

This case study had three benefits:

> Location data management efficiency.

> Marketing cost effectiveness.

> Incremental revenue.

⊕ Location Data Management Efficiency

Of the 800 Laud Restaurant locations, the organization currently uses Yext for the 780 US locations. The corporate locations were moved to Yext in Year 1, and the franchise locations were moved to Yext in Year 2. This strategy ensured that the organization had a structured plan and expectations before deploying a new technology and making promises to franchisees. To measure the efficiency of using Yext's technology against manually achieving a similar outcome of lesser quality and accuracy guarantees, the model accounts for the manual effort that would be needed without Yext. Customers mentioned that the result would not be as comprehensive as Yext and would likely lack certain features like instant updates, review aggregation, customized pages for each location, and analytics. However, at a basic level, Laud Restaurants estimates that each location's store manager would spend at least 3 hours each month to update different directories for their respective locations. Assuming a $55,000 fully loaded salary for a store manager, the one-year time avoidance is 14,040 hours, or $371,250 in Year 1. This value doubles as the solution is deployed to franchise locations in Year 2.

Furthermore, the corporate team will receive fewer tickets from the field regarding inaccuracies in listings. While the time avoidance is only 2 hours per month, the more important benefit revolves around the corporate team's ability to guarantee accuracy and timeliness of updates with Yext. Before Yext, the corporate team might only need 2 hours to resolve monthly tickets, but it was unable to offer the type of accuracy guarantee that is now available.

The three-year value for location data management efficiency, after adjusting for risk, was $1,833,885 as shown in Table 1.

TABLE 1
Location Data Management Efficiency

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Locations	Year 1 and 2: composite Year 3: $A1_{py}$*103%	390	780	803
A2	Store manager annual salary	Year 1: assumption Year 2 and 3: $A2_{py}$*103%	$55,000	$56,650	$58,350
A3	Hours per month spent on location data management	Composite	3	3	3
A4	Corporate marketing analyst annual salary	Year 1: assumption Year 2 and 3: $A4_{py}$*103%	$100,000	$103,000	$106,090
A5	Reduction in hours spent each month resolving tickets related to local digital locations errors	Composite	2	2	2
At	Location data management efficiency	((A2/2,080)*(A3*12)*A1) +((A4/2,080)*(A5*12)	$372,404	$765,963	$812,574
	Risk adjustment	↓ 6%			
Atr	**Location data management efficiency (risk-adjusted)**		**$350,060**	**$720,006**	**$763,819**

Source: Forrester Research, Inc.

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✚ Marketing Cost Effectiveness

Interviewed customers highlighted that if they did not use Yext for location data management, the resulting funds would be used for other local marketing activities as opposed to investment in a similar platform. Laud Restaurants estimates that half of the funds would go toward local store events like giving away promotional items with the purchase of specific seasonal products and dishes. The other half of the funds would fund further search engine optimization or paid search initiatives.

As interviewed customers did not suggest comparing the metrics and cost of Yext with other local marketing activities, a conceptual model was developed without figures and can be obtained from Yext. Readers who want to tailor this model and enter values should note that while the main calculation is to compare the cost of Yext with another local marketing activity, the value of the two items should be similar or at least be measured similarly. For example, if a local marketing activity yields incremental foot traffic, readers should derive the incremental foot traffic that Yext can generate. The two different foot traffic incrementals should be divided by their respective cost, and the user should compare the cost per incremental unit of foot traffic before scaling by total foot traffic in one year.

Another perspective that readers can take is to consider the value of "being found." As controlling location information in different directories and customizing individual pages for each location may help in search engine indexing, readers may also consider comparing efforts in search engine optimization and other similar activities with Yext.

✚ Incremental Revenue

Two interviewed customers are developing an attribution model and tracking techniques to relate certain digital marketing activities with in-store transactions. Specifically with Yext, Laud Restaurants plans to implement promo codes, reservations, and online ordering, which will increase its ability to attribute digital directories to revenue.

Furthermore, a conceptual model was built and can be obtained from Yext as a starting block to tie analytics data like incremental social check-ins with incremental revenue. In addition to tracking the increased volume of store visitors, users should also track data related to changes in average conversion (the transactions-to-visitors ratio) and average order value. Lastly, organizations should determine a suitable solution attribution ratio to account for the possibility of increases in traffic, conversion, and order value due not only to Yext, but also other components like buyer and seller incentives, seasonal peaks, and other related technological implementations.

✚ Total Benefits

Table 2 shows the total of all benefits across the three areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the customer expects risk-adjusted total benefits to be a present value of $1,487,151.

TABLE 2 Total Benefits (Risk-Adjusted)						
Benefit	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Location data management efficiency	$0	$350,060	$720,006	$763,819	$1,833,885	$1,487,151
Marketing cost effectiveness	$0	$0	$0	$0	$0	$0
Incremental revenue	$0	$0	$0	$0	$0	$0
Total benefits	**$0**	**$350,060**	**$720,006**	**$763,819**	**$1,833,885**	**$1,487,151**

Source: Forrester Research, Inc.

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COSTS

The customer experienced two main costs associated with Yext:

> Yext solution cost.

> Internal labor and implementation.

⊖ **Total Costs**

The Yext solution cost is based on locations and the services subscribed to. Laud Restaurants started with 390 locations in Year 1 and ramped up to 780 locations in Year 2. The organization subscribed to the Location Management Platform, PowerListings, and Pages, which resulted in $326 per location in Year 1 and $301 per location in Year 2.

The initial internal labor cost includes 50% of a marketing manager's time and 100% of a marketing analyst's time for two and a half weeks. Afterwards, the ongoing effort is approximately 2 hours each month for the marketing analyst.

Table 3 shows the total of all costs across the two areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the customer expects risk-adjusted total costs to be a present value of $553,730.

TABLE 3
Total Costs (Risk-Adjusted)

Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Yext solution cost	$137,430	$0	$253,260	$260,210	$650,900	$542,235
Internal labor and implementation	$8,308	$1,246	$1,284	$1,322	$12,159	$11,495
Total costs	**$145,738**	**$1,246**	**$254,544**	**$261,532**	**$663,059**	**$553,730**

Source: Forrester Research, Inc.

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FLEXIBILITY

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some 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. There are multiple scenarios in which a customer might choose to implement Yext and later realize additional uses and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix B).

Laud Restaurants will consider growing its use of Yext in two categories in the next 12 to 24 months. First, it will link online reservations, online orders, promo codes, and gift card purchases to digital listings. This will allow Laud Restaurants to attribute some portion of incremental revenue to Yext. Furthermore, the organization may consider region-based AB testing to begin building a model to link location data management with incremental store visitors.

The second area that Laud Restaurants will scale is applying Yext to its international locations. Use of Yext for international locations will also be dependent on whether Yext has direct partnerships where Laud Restaurants' stores are located. Laud Restaurants also plans to deploy a survey to record franchisee satisfaction over time as hours, location, and local information are routed properly and more accurately.

RISKS

Forrester defines two types of risk associated with this analysis: "implementation risk" and "impact risk." Implementation risk is the risk that a proposed investment in Yext may deviate from the original or expected requirements, resulting in higher costs than anticipated. Impact risk refers to the risk that the business or technology needs of the organization may not be met by the investment in Yext, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

TABLE 4
Benefit And Cost Risk Adjustments

Benefits	Adjustment
Location data management efficiency	↓ 6%
Marketing cost effectiveness	↓ 6%
Incremental revenue	↓ 6%

Costs	Adjustment
Yext solution cost	↑ 8%
Internal labor and implementation	↑ 8%

Source: Forrester Research, Inc.

Quantitatively capturing cost risk and benefit risk by directly adjusting the financial estimates results provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as "realistic" expectations since they represent the expected values considering risk.

The following impact risks that affect benefits are identified as part of the analysis:

› Low adoption rate.

❯ Continued use of labor-intensive methods to maintain location information.

❯ Not taking full advantage of all features, including posting holiday hours, aggregating reviews, creating a web page for each location, and attaching pictures and other assets to listings.

The following implementation risks that affect costs are identified as part of this analysis:

❯ Increased size of solution.

❯ Increased marketing program scale and related resource needs.

Table 4 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

Financial Summary

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the organization's investment in Yext.

Table 5 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 4 in the Risks section to the unadjusted results in each relevant cost and benefit section.

FIGURE 3

Cash Flow Chart (Risk-Adjusted)
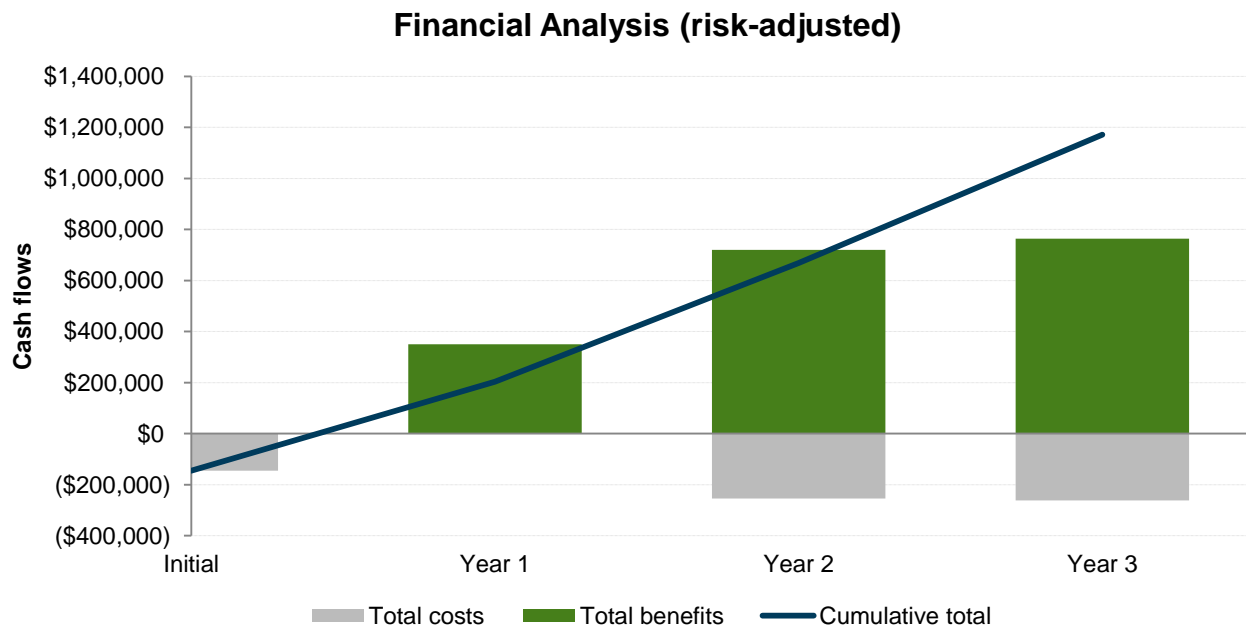
Source: Forrester Research, Inc.

TABLE 5

Cash Flow (Risk-Adjusted)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Costs	($145,738)	($1,246)	($254,544)	($261,532)	($663,059)	($553,730)
Benefits	$0	$350,060	$720,006	$763,819	$1,833,885	$1,487,151
Net benefits	($145,738)	$348,813	$465,462	$502,288	$1,170,826	$933,421
ROI			169%			
Payback period			Five months			

Source: Forrester Research, Inc.

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Yext: Overview

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

Yext is a global location data management provider that helps over 500,000 business locations reach mobile consumers across a network of 100-plus app, map, directory, search engine, and social media partners, including Apple, Bing, Facebook, Foursquare, Yahoo, and Yelp. Yext's mission is to enable the world's 50 million businesses to harness the power of location and drive face-to-face and digital interactions that boost customer engagement, build audiences, and increase sales.

Yext's integrated software helps marketers seamlessly manage their business listing information and update it in real time across over 100 prominent publisher sites, maps, and apps in the PowerListings Network, at just the touch of a button.

Key capabilities of Yext include:

› **Location Management Platform.** Seamlessly customize, update, and enhance content for each and every location, whether you have two or 2,000, from a single interface.

› **PowerListings.** Maximize the impact of your business details and ensure they reach customers across the globe via the PowerListings Network's exclusive relationships with 90-plus leading sites, social networks, maps, and apps worldwide.

› **Pages.** Extend your brand presence, campaigns, and customer engagement to the local level with unique, SEO-optimized websites and campaign landing pages for each location, turning site visitors into store visitors.

For more information on Yext, go to yext.com.

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Appendix A: Composite Organization Description

Based on these interviews, a composite organization was created to represent the aggregated feedback and quantified experiences captured during the interviews. For the purposes of this case study, the composite organization will be known as "Laud Restaurants." Laud Restaurants offers lunch, dinner, and take-out and has the following high-level characteristics:

› It has 800 stores, with 780 in the US and 20 overseas.

› The 780 US locations are split 50/50 between corporate-owned and franchised.

› It has $1.5 billion in annual revenue across all stores.

› It utilizes the Yext Location Management Platform, PowerListings, and Pages.

Prior to engaging Yext, Laud Restaurants kept a spreadsheet with essential location information for each restaurant. This information was not updated regularly, lacked accuracy, and only included addresses, phone numbers, and store hours. Corporate-owned stores were directed to have managers spend a portion of their time either participating in social media or updating individual directories for their location. Store managers were given the freedom to decide which directories and social platforms to participate in based on their understanding of which worked best for their store. Franchisees were given much less guidance, as the corporate office understood that franchisees desire some level of autonomy and owners range in technological competencies.

After Laud Restaurants onboarded a new corporate marketing director, the director hired a marketing associate to focus on local marketing and engagement, which included the evaluation of Yext and similar platforms. After evaluating several platforms and agencies, Laud Restaurants selected Yext for its direct integrations with publishers and breadth of publisher relationships — including regions outside the US. Yext was also able to provide a preliminary view into the health of Laud Restaurants' local digital locations in terms of volume of name inconsistencies, address errors, incorrect website URLs, incorrect phone numbers, and missing business descriptions based on all digital listings of the 390 corporate locations.

Laud Restaurants engaged Yext with the following high-level goals:

› In Year 1, claim and manage digital listings for 390 corporate-owned US locations while decreasing workload for individual store managers. Expand to 390 franchise locations in Year 2.

› Create web pages and social media pages for each corporate-owned US location and track consumer feedback.

› Build a long-term plan to attribute revenue and consumer engagement with location data management and larger marketing programs.

› Propose and consider a chargeback model to incorporate all franchised locations into Yext.

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FRAMEWORK ASSUMPTIONS

Table 6 provides the model assumptions that Forrester used in this analysis.

The discount rate used in the PV and NPV calculations is 10%, and the time horizon used for the financial modeling is three years. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult with their respective company's finance department to determine the most appropriate discount rate to use within their own organizations.

TABLE 6
Model Assumptions

Ref.	Metric	Value
X1	Hours per week	40
X2	Weeks per year	52
X3	Hours per year (M-F, 9-5)	2,080
X4	Hours per year (24x7)	8,760
X5	Working days	240
X6	Annual organization growth	3%
X7	Store manager annual salary	$55,000
X8	Marketing analyst annual salary	$100,000
X9	Marketing manager annual salary	$120,000
PY	Prior year	

Source: Forrester Research, Inc.

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Appendix B: Total Economic Impact™ Overview

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.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, flexibility, and risks.

BENEFITS

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often, product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place 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. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

COSTS

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the form of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

FLEXIBILITY

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office productivity suite can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

RISKS

Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI applies a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the underlying range around each cost and benefit.

Appendix C: Glossary

Discount rate: The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their respective organizations to determine the most appropriate discount rate to use in their own environment.

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.

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.

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.

Return on investment (ROI): A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

A NOTE ON CASH FLOW TABLES

The following is a note on the cash flow tables used in this study (see the example table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in years 1 through 3 are discounted using the discount rate (shown in the Framework Assumptions section) at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until the summary tables are the sum of the initial investment and the discounted cash flows in each year.

TABLE [EXAMPLE]
Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3

Source: Forrester Research, Inc.

Appendix D: Endnotes

[1] Forrester risk-adjusts the summary financial metrics to take into account the potential uncertainty of the cost and benefit estimates. For more information, see the section on Risks.

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