The Total Economic Impact™
Of Foursquare Places

Cost Savings And Business Benefits
Enabled By Places

FEBRUARY 2024
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Executive Summary

Location intelligence is critical to improving business operations and driving innovation.¹ Future fit firms with the skills and technical capabilities leverage location-based data and tools to win, serve, and retain customers.² A recent Forrester survey found that over 60% of global business and technology decision-makers’ organizations are building location intelligence capabilities, with another 19% planning to adopt them in the next year.³ These companies maximize access to available troves of customer location data and technologies.⁴

Foursquare Places is a location intelligence platform combining ground truth data sets, authoritative third-party sources, and first-party data with more than 120 million points of interest (POI) across more than 200 countries and territories. With Foursquare Places points of interest data, businesses can transform how they gain in-depth insights into locations and human mobility to make smarter decisions and create more engaging customer experiences.

Foursquare commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Foursquare Places.⁵ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Places on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed the representative of an organization with experience using Foursquare Places. Forrester used this experience to project a three-year financial analysis.

The interviewee’s organization is in the consumer packaged goods (CPG) space with retail and wholesale locations in more than 50 countries worldwide. The investment in Foursquare Places supported the organization’s goal to increase its competitive edge in the global marketplace through digital technologies.

Prior to using Places, the interviewee noted how their organization’s location intelligence stack included myriad legacy technologies, various homegrown solutions, and projects developed by third parties. This cobbled-together mix of prior efforts was far out of step with the organization’s robust aspirations and requirements for digital transformation in support of overall growth.

After the investment in Places, the interviewee’s organization leveraged Foursquare Places as a leading technology in its location intelligence stack. Around deployment of the Places API and flat file, the

Revenue growth attributable to Foursquare Places

$15 million

KEY STATISTICS

- Return on investment (ROI): 252%
- Net present value (NPV): $10.91M

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EXECUTIVE SUMMARY

The interviewee’s organization also invested heavily in data enrichment and advanced location-based tooling to gain a more holistic view of its customers. It also made their company easier for customers to find and locate.

By piloting Foursquare Places at the center of its sales and marketing data model, the company was better able to track customer preferences from an aggregate geographical perspective. This boosted customer experience and sales while also offering the company data and insights to tell its leaders where to invest in new stores and which products to place in them, which further increased sales growth.

KEY FINDINGS

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

- **Up to 1% of revenue growth in pilot areas directly attributed to Foursquare Places.** As a result of these improved location-based customer insights, the interviewee’s organization sees enough uptick in sales to double down on its pilot, thus accelerating growth. Over three years, this revenue grows to over $15 million.

Unquantified benefits. Benefits that are not quantified in this study include:

- **Tech stack consolidation.** As part of its digital transformation, the organization establishes an innovation committee charged with evaluating the efficacy of its technology solutions. This committee found that Foursquare Places API outperformed other location intelligence tools in the stack and decreased spend on those other solutions as a result.

- **Reduction in manual processes.** Deploying Foursquare Places allowed the interviewee’s organization to avoid highly manual data mining and analytics processes.

Costs. Three-year, risk-adjusted PV costs include:

- **Foursquare fees of $400,000.** The interviewee’s organization invests in Foursquare Places across the API and flat file licensing. As it scales, it further invests in machine learning/AI, mapping, navigation and location, and other data enhancements for each new geography it enters over the three-year period.

- **Basic deployment and advanced global scaling costs of $3.9 million.** Standing up the Foursquare’s API requires minimal engineering effort of up to 1,500 hours. The organization then invests in a multiyear scale-up of the pilot across its global locations in 70 countries, which requires an additional engineering investment to integrate and fine-tune the Foursquare Places API and its associated model and enhancements.

The interview and financial analysis found that the representative’s organization experiences benefits of $15.25M over three years versus costs of $4.34 million, adding up to a net present value (NPV) of $10.91 million and an ROI of 252%.

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**Forrester Perspective**

Forrester’s report “The State Of Location Intelligence, 2023” defines location intelligence as:

> Technology that leverages the geospatial and relational positions of people and objects, generated from sensors and digital identifiers and enriched with other data, to enable insights-driven decisions and optimize customer experience and operations.
"Foursquare Places give you access to the customer, so you can understand them. It also helps you streamline your business, grow your revenue, reduce your cost, and improve your margin."

— Engineering manager, CPG
EXECUTIVE SUMMARY

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 Places.

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 Places can have on an organization.

DUE DILIGENCE
Interviewed Foursquare stakeholders and Forrester analysts to gather data relative to Places.

INTERVIEW
Interviewed the representative of an organization using Places to obtain data with respect to costs, benefits, and risks.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewee.

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.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by Foursquare 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 Places.

Foursquare 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.

Foursquare neither provided the customer name for the interview nor participated in the interview.
INTerviewee'S ORGANIZATION

Forrester interviewed the representative of an organization who has experience using Foursquare Places. Their organization has the following characteristics:

- Fifteen billion dollars in annual revenue.
- Sixty-five percent of its revenues, or about $10 billion, come from the consumer product sales division, which has an average order value ranging from $200 to $2,000.
- In the CPG industry with a very broad network of retail stores in the US and around the world.

Over the past several years, a CEO transition at the interviewee’s organization prompted an ongoing digital transformation. Upon establishing an innovation committee, the organization regularly deployed, tested, and monitored the results of several technology investments.

KEY CHALLENGES

Prior to deploying Foursquare Places, the interviewed engineering manager at the CPG company described several challenges that stymied its growth and transformation, including:

- **An outdated, heterogeneous, and globally distributed technology stack.** The interviewee described their organization’s prior environment as a cobbled-together technology stack of legacy solutions. They said: “Previously, we had some homegrown solutions in different areas. We also partnered with third parties to develop some projects. It never worked very smoothly.”

The global operational footprint was managed by myriad legacy technology solutions that would not sufficiently support the organization’s ambitious business goals. The interviewee told Forrester: “When we implemented Foursquare Places … we have some outdated systems. We didn’t really have a good foundation, and we didn’t standardize our equipment or our software. So different regions, different areas, different product lines [all had] different systems.”

- **Inefficient manual processes.** The interviewee described a robust approach to data analytics and data mining, but one that was highly manual in practice. They shared: “Before, it was very manual. There was a lack of standards, so we needed a lot of APIs due to convergence and a lot of intermediate software to be used in the data formatting and normalization.”

**Key Assumptions**

- $10 billion annual B2C revenue
- 38% gross margin
- Diversified location intelligence stack
INVESTMENT OBJECTIVES
The interviewee’s organization searched for a location intelligence solution that could support its goal to drive innovation while keeping ahead of its competitors.

In particular, the CPG company searched for a solution that could:

- Integrate with remaining legacy systems that were not yet decommissioned across its expansive global footprint.
- Provide more meaningful customer insights.

Overall, the interviewee described their organization’s function- and value-based approach to its multiple location intelligence investments. Their organization made many initial investments in multiple tools and adjusted usage based on the value it derived. The interviewee said: “They all have their strengths and weaknesses, but generally, we use all of them. One [reason is] to de-risk. Also, we want to compare which one gives us the most value. And you have their IP protections. If you want to get certain features, you have to work with a certain company.”

USE CASE DESCRIPTION
The engineering manager in the CPG industry described their organization’s Foursquare Places deployment as part of a broader location intelligence technology stack.

The organization deployed the Foursquare Places API and flat file as an integrated, phased pilot effort between its IT group and marketing groups, launching it in select stores. The interviewee shared: “We haven’t rolled out countrywide yet, but we are focusing on some metropolitan areas and some areas where we have a stronghold. We roll out … with our direct sales channel, like our website, then we roll out to our major distributors and … retailers.”

As the organization scaled, the interviewee described how their organization further invested in and integrated elements of the Foursquare platform into its model, including:

- Mapping, navigation, and location.
- AI and machine learning.
- Prediction and perception.
- Lead generation and payment.

For these use cases, Forrester has modeled benefits and costs over three years.

“The purpose [of our investment is] to really understand our customer, promote our products, and make our products very visible [to our customers]. Foursquare is one of the partners that has helped us develop that capability, [which is] tailored for our products and gave us an upper hand when we went against our competitors.”

Engineering manager, CPG

“Foursquare Places works very well in B2C.”

Engineering manager, CPG
Analysis Of Benefits

- Quantified benefit data

## Total Benefits

<table>
<thead>
<tr>
<th>Ref</th>
<th>Benefit</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atr</td>
<td>Revenue growth from improved sales</td>
<td>$760,000</td>
<td>$3,800,000</td>
<td>$15,200,000</td>
<td>$19,760,000</td>
<td>$15,251,390</td>
</tr>
<tr>
<td></td>
<td>Total benefits (risk-adjusted)</td>
<td>$760,000</td>
<td>$3,800,000</td>
<td>$15,200,000</td>
<td>$19,760,000</td>
<td>$15,251,390</td>
</tr>
</tbody>
</table>

### REVENUE GROWTH FROM IMPROVED SALES

**Evidence and data.** The interviewee described how Foursquare Places was integrated into a broad effort to boost its organization’s retail sales, which represented 60% to 70% of its $15 billion in annual revenue.

During the investment period, the interviewee noted growth rates ranging from 5% to 10% in pilot stores where Foursquare Places was deployed as an integral part of its go-to-market data model.

The organization offered customers the opportunity to provide direct feedback, including how they found the product. The organization’s innovation committee also regularly evaluated the impact of its technology investments. With insights from customers and internal evaluations, the organization was able to attribute Foursquare Places to 1% of that revenue growth. The interviewee shared: “We built a complex model based on the big data we gathered through the Foursquare Places platform … [With this data,] we can forecast and foresee what revenue we could generate if we expand our presence in certain areas or expand our product offering for existing stores. That’s the investment we must put in the kind of analysis being presented to our CFO and CEO to convince them we need to expand our business.”

In particular, the engineering manager attributed Foursquare Places’ ability to help drive sales leads to the following:

- **Enhanced customer accessibility.** The interviewee said that their store is now always at the top of search return lists with Foursquare Places. They noted: “This [strategy is] so effective, as people are so used to searching from the app instead of [going] online to search. Foursquare Places allows [users] to search easily.”

- **Improved customer insights.** The engineering manager told Forrester that their organization was able to leverage customer insights garnered through Foursquare Places to curate an improved experience.

- **Improved decision making.** The interviewee described how their CPG organization could better inform its retail strategy in two key ways with Foursquare Places:
  - **More informed go-to-market approach.** The interviewee noted that their organization incorporated insights from Foursquare Places into its decision-making around new store site selection and trade area analysis. In turn, this helped to ensure that its organization was opening stores in areas with the right age, income, and brand awareness demographics.
**Better product mix by location.** The interviewee also noted that once the organization had a better sense of where to open its stores, it was able to further customize the product mix according to customer preferences in that location.

- **Integration with other systems and enriched data sources.** The interviewee described how Foursquare Places was easily integrated into key business technologies, including its [enterprise resource planning system] ERP, [product lifecycle management system] PLM, and [quality management system] QMS. They said: “[For example,] the ERP can track every single component’s cost. So, this integration really contributes to cost management. [Because] it’s connected, we know the true cost of each product being sold.”

**Modeling and assumptions.** Forrester assumes the following:

- The organization deploys Foursquare Places to drive sales in its B2C retail channels, including with stores and distributors. This segment generates $10 billion in annual revenue.

- The organization deploys Foursquare Places to 10% of stores in Year 1, increasing to 25% in Year 2 and 50% by the end of Year 3.

- The organization is able to attribute 1% of sales growth to Foursquare in the stores in which it has been deployed.

- The organization has a 38% gross margin.

**Risks.** Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on the following factors:

- The interviewee’s organization made a significant investment in the proper technological systems and the clean, validated data needed to support these advanced results.

- Foursquare Places results in this case reflect the mature application of the API to its data model. Organizations with outdated legacy technology systems may not experience the same ROI impact due to manual processes, poor data quality, and other constraints.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over $15 million.
## Revenue Growth From Improved Sales

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
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<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
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<td>A1</td>
<td>Total revenue from consumer products</td>
<td>Interview</td>
<td>$10,000,000,000</td>
<td>$10,000,000,000</td>
<td>$10,000,000,000</td>
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<tr>
<td>A2</td>
<td>Percent of stores deploying Foursquare</td>
<td>Interview</td>
<td>10%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>intelligence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td>Revenue growth attributed to Foursquare</td>
<td>Interview</td>
<td>0.25%</td>
<td>0.50%</td>
<td>1.00%</td>
</tr>
<tr>
<td></td>
<td>Places where deployed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td>Gross margin</td>
<td>Interview</td>
<td>38%</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>At</td>
<td>Revenue growth from improved sales</td>
<td>A1<em>A2</em>A3*A4</td>
<td>$950,000</td>
<td>$4,750,000</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Atr</td>
<td>Revenue growth from improved sales (risk-adjusted)</td>
<td>↓20%</td>
<td>$760,000</td>
<td>$3,800,000</td>
<td>$15,200,000</td>
</tr>
</tbody>
</table>

| Three-year total $19,760,000 | Three-year present value $15,251,390 |
UNQUANTIFIED BENEFITS

The interviewee mentioned the following additional benefits that their organization experienced but was not able to quantify:

- **Tech stack consolidation.** As part of its digital transformation, the participating customer deployed several other location intelligence tools alongside Foursquare Places. As they were deployed, the interviewee’s organization conducted several efforts to validate the value of each solution in its stack. The interviewee said these cost savings improved overall business outcomes. They noted: “[We had] flat revenue, but net market, and net profit, grew a lot. One of the reasons is because as we deployed [Foursquare Places], we cut many other aspects [of spend]. We invest more in new technology that is more cost-effective.”

- **Reduction in manual processes.** The interviewee described highly manual data mining and analytics processes in the organization’s prior environment. With Foursquare Places, however, they cited a more standardized approach that allowed resources to focus on higher-value activities. They shared: “Now it’s become more standard [and] more streamlined. It’s very easy to do the data mining, data query, and data analysis.”

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**Customer Voice**

The interviewee said their CPG organization derived more value from the Foursquare investment compared to other vendor tools in its prior environment and in its stack. It consequently scaled back the usage of other location intelligence tools based on its success with Foursquare Places.

The interviewee pointed in particular to the value of the customer insights Foursquare Places provides.

“We call it the gold mine because we get access to a lot of information on our customer base. It helps our marketing team tremendously because they are more focused on targeting certain customers for their investment and the advertisements, commercials, and marketing strategies are more effective.”

The interviewee also highlighted how Foursquare Places benefited various teams:

“The feedback from our team is that it gives you more meaningful information, more business insights ... whether for the data engineering, the marketing team, or the sales team. They all love those tools. They help them grow their business [and improve] their KPIs.”
FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Places and later realize additional uses and business opportunities, including a continuation of its phased global deployment.

The interviewee described their CPG organization’s long-term plans for rolling out Foursquare Places to its global retail sales units over the next five years.

They shared: “Next year, we’re going to roll out the pilot program [globally]. [We’ll] start and to try to grow, then scale up from there. We’ll have three waves. North America will be first, and [then we will] go to Europe and APAC at the same time, and then South America and Africa.”

While the global deployment will greatly increase the number of stores in which Foursquare may help drive sales, the interviewee noted that such a scaled effort would require a commensurate increase in the engineering resources dedicated to customizing the solution.

The interviewee told Forrester: “Corporate will have the central functions of providing more guidance, standardizing the process, and building a corporate relationship. But, in terms of managing locally, I would expect probably about 200 [engineers will be involved at the end of the pilot].”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

“[We will have a] broader effort in the future. We definitely want to [deploy Foursquare Places] globally because we do see the return on investment.”

Engineering manager, CPG
Analysis Of Costs

Quantified cost data

<table>
<thead>
<tr>
<th>Total Costs</th>
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<tbody>
<tr>
<td><strong>Ref.</strong></td>
</tr>
<tr>
<td>Btr</td>
</tr>
<tr>
<td>Ctr</td>
</tr>
<tr>
<td><strong>Total costs (risk-adjusted)</strong></td>
</tr>
</tbody>
</table>

SOFTWARE LICENSE FEES

Evidence and data. The interviewee shared that their organization deployed the Foursquare Places as a shared effort between its marketing and IT departments. The total fees for Foursquare were reported at $138,000, which included licensing and support. The interviewee also indicated that their organization would increase consumption of Foursquare while decreasing the use of other location intelligence tools moving forward. The interviewee reported further Foursquare Places applications and use cases that drive costs:

- Mapping, navigation, and location.
- AI and machine learning.
- Prediction and perception.
- Lead generation.
- Payment.

Modeling and assumptions. Forrester assumes that Year 1 license costs for the Places API and flat file total $120,000, inclusive of initial investments in data enhancements and advanced platform capabilities. As the pilot expands into each new geography prices increase to $137,500 in Year 2, with total Foursquare costs totaling $165,375 by the end of Year 3.

Right now, our annual spending is about $150,000 a year, but we expect it to continue to grow in the next few years.”

Engineering manager, CPG

Risks. Forrester recognizes that these results may not be representative of all experiences, and the cost will vary between organizations depending on the following factors:

- An organization’s deployment of Foursquare Places. Licensing costs will depend on an organization’s use of the Places API and/or flat file and is based on volume usage. Pricing between the API and flat files may vary.
- An organization’s maturity level and appetite for consuming and integrating additional data enhancements and advanced capabilities available on the Foursquare Places platform, such as prediction and perception, lead generation, AI and machine learning, payments, etc. Added data attributes may increase fees to Foursquare.
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 about $400,000.

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Source</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
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<tr>
<td>B1</td>
<td>License fees</td>
<td>Interviews</td>
<td>$0</td>
<td>$120,000</td>
<td>$137,500</td>
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<td>Risk adjustment</td>
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Three-year total: $486,306  
Three-year present value: $399,022
IMPLEMENTATION AND SCALING COSTS

Evidence and data. The interviewee shared that their organization deployed the Foursquare Places API as a shared effort between their organization’s marketing and IT departments. The organization dedicated engineering resources and leveraged Foursquare’s technical support to develop its own customized configuration tailored to the Foursquare platform. The interviewee said: “We leverage their technical platform to grow our solutions. … From the time we started the trial to the point we can do the testing and monitor the revenue impact; it took about six months.”

During the initial phase of standing up the pilot, the customized solution required five dedicated engineers for six months. These engineering needs increased as the organization scaled its pilot effort. The interviewee said: “We quickly scaled up three times, tripled our scope of the first year after development. I assigned eight engineers [in Year One]. So there are eight engineers supporting all the scale up, setting up a new site, debugging, testing, that kind of work… More recently, I probably have 12 engineers dedicated to this initiative.”

Modeling and assumptions. Forrester assumes that five engineering resources are fully dedicated to deploying Foursquare as a central component of its internally developed solution. As the pilot program scales, engineering resources increase to eight in Year 1 and 12 in Years 2 and 3. The average fully burdened salary of an engineer is $200,000.

Risks. Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on the following factors:

- An organization’s deployment of Foursquare Places. Usage of the API and flat files may require different skill sets and levels of development.
- The level of integration with other systems and the amount of data enrichment to normalize for platform ingestion.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $3.9 million.

<table>
<thead>
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<th>Ref.</th>
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<th>Year 2</th>
<th>Year 3</th>
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<td>C1</td>
<td>Total internal resource hours dedicated to basic deployment of Foursquare Places API</td>
<td>Interview</td>
<td>1,500</td>
<td></td>
<td></td>
<td></td>
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<td>C2</td>
<td>Total internal resource hours dedicated to basic product administration</td>
<td>Interview</td>
<td>0</td>
<td>12</td>
<td>100</td>
<td>200</td>
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<tr>
<td>C3</td>
<td>Total internal resource hours dedicated to scaling global integration across multiple geographies</td>
<td>Interview</td>
<td>5,200</td>
<td>8,320</td>
<td>12,480</td>
<td>12,480</td>
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<tr>
<td>C4</td>
<td>Fully burdened hourly rate of an engineer</td>
<td>TEI standard</td>
<td>$96</td>
<td>$96</td>
<td>$96</td>
<td>$96</td>
</tr>
<tr>
<td>Ct</td>
<td>Implementation and scaling costs</td>
<td>C3*C4</td>
<td>$643,200</td>
<td>$799,872</td>
<td>$1,207,680</td>
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<tr>
<td>Ctr</td>
<td>Implementation and scaling costs (risk-adjusted)</td>
<td></td>
<td>$771,840</td>
<td>$959,846</td>
<td>$1,449,216</td>
<td>$1,460,736</td>
</tr>
</tbody>
</table>

Three-year total: $4,641,638
Three-year present value: $3,939,599
Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the organization’s investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs</td>
<td>($771,840)</td>
<td>($1,097,846)</td>
<td>($1,607,341)</td>
<td>($1,650,971)</td>
<td>($5,127,945)</td>
<td>($4,338,621)</td>
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<tr>
<td>Total benefits</td>
<td>$0</td>
<td>$760,000</td>
<td>$3,800,000</td>
<td>$15,200,000</td>
<td>$19,760,000</td>
<td>$15,251,390</td>
</tr>
<tr>
<td>Net benefits</td>
<td>($771,840)</td>
<td>($337,846)</td>
<td>$2,192,659</td>
<td>$13,549,083</td>
<td>$14,632,055</td>
<td>$10,912,769</td>
</tr>
<tr>
<td>ROI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>252%</td>
</tr>
<tr>
<td>Payback</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19 months</td>
</tr>
</tbody>
</table>
Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

**Benefits** represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

**Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

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

**Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on “triangular distribution.”

**PRESENT VALUE (PV)**

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

**NET PRESENT VALUE (NPV)**

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

**RETURN ON INVESTMENT (ROI)**

A project’s expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

**DISCOUNT RATE**

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

**PAYBACK PERIOD**

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

Related Forrester Research


Appendix C: Endnotes

1 Source: “Location Intelligence Builds Innovation, Optimization, And Better Customer Experiences,” a commissioned study conducted by Forrester Consulting on behalf of Foursquare, July 2022.


5 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.