

FRANCHISEE TECHNOLOGY FEE ASSESSMENT Case Study

CLIENT NEED

- Client hired new Chief Digital Officer with ambitions to become a **"leading technology-led franchisor"**
- Client **increased digital transaction fees** over recent years and wanted to ensure they **remained competitive** compared to other franchisors
- Primary objective was to ensure **alignment with CDO's strategy** and assess progress in delivering the **best technology at the lowest cost**

CURATED TEAM



Principal: Former **Bain** Case Team Lead; held executive roles at **Motorola**, **MTS India**, and **Altman Solon**; led prior project for same franchisor



Project Leader: Former **McKinsey** Engagement Manager; later held roles at **Target**, **Kimberly-Clark**, **Aaron's Company**, and **Colonial Group**



Consultant: Former **BCG** Project Leader; later held roles at **Inspired Brands / Buffalo Wild Wings**

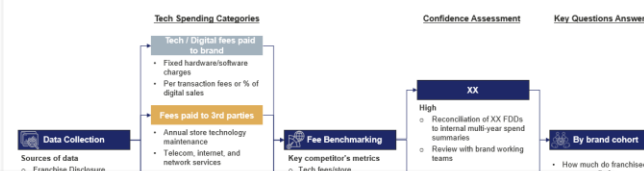


Consultant: Former **Accenture** Manager and senior member of the firm's Digital, Data, and Analytics Practice

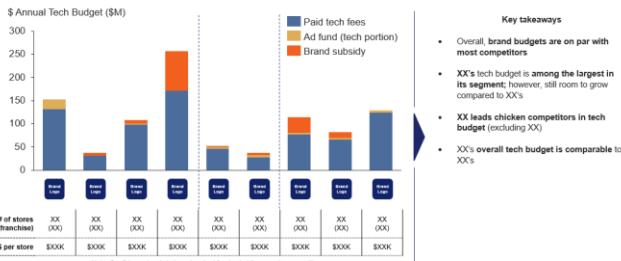
ENGAGEMENT OUTCOMES

- Introduced a **"normalized fee"** metric to standardize competitor tech fee comparisons, accounting for differences in **fee structures, AUV levels, and FDD inconsistencies**
- Conducted **competitive benchmarking on technology spend**, leveraging a database of competitor fees, secondary data, and expert interviews to assess fee structures and digital investments
- Determined that franchisee tech fees had **increased significantly** since a prior assessment and **exceeded those of certain competitors**, potentially creating a competitive disadvantage
- Resulted in a **reassessment of funding strategies**, including potential fee adjustments and increased allocation of advertising funds toward tech investments that could reduce overall fees

High-level process: Assessing & benchmarking franchisee technology costs



XX's brand tech budgets are comparable to key competitors while trailing the largest players (e.g., XX's)



Outlook: Growing digital mix drives varied increases in variable fees across brands, reflecting different starting points

Brand	Brand	Brand	Brand	Brand	Brand
Variable Digital Fee	\$XX / digital transaction	\$XX / digital transaction	XX% of in-app delivery sales	XX% of identified digital sales	XX% of digital sales
Web/app	✓	✓	✓ - delivery only	✓ - loyalty only	✓
3rd party	✓	✓	✓	✓	✓
Kiosks	✓	✓	✓	✓ - loyalty only	✓

XX and XX perform well against "all-in" benchmarks, while XX ranks in the middle of the pack

