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THE VALUE OF A YOUNG PROFESSIONAL'S PERSONAL BRAND

ALEC J. GALANTI
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Reviewed and approved* by the following:

Peter Newberry
Associate Professor of Economics
Thesis Supervisor

Russell P. Chuderewicz
Senior Lecturer in Economics
Honors Adviser

Brian Davis
Professor of Finance
Honors Adviser

* Signatures are on file in the Schreyer Honors College.

ABSTRACT

This thesis will focus on the online reputation industry and answer the questions: What is the monetary value of a young professional's (18-30 yrs. old) positive online reputation, and is there opportunity for businesses to enter the online reputation space and profit? The market as of today is segmented by two main variables; buying power and each individual's unique circumstances. In terms of buying power, companies within the online reputation industry (ORM) charge anywhere between \$0 and \$100,000 for service. The findings of this thesis show that while an individual may value their online presence significantly different, it is in a firm's best interest to offer a software service to young professionals that charges about \$8.33 per month. This price point provides an opportunity for a new business starting in the space to potentially be worth up to \$143 million in five years if certain assumptions are made. An A/B test and financial model developed in excel were used in order to help draw these conclusions.

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Chapter 1

Introduction

This thesis focuses on the value a young professional should attribute to their online reputation and the current price tag at which the marketplace is valuing a young professional's brand. The introduction will provide the basic overview of the online reputation market, importance of the thesis, my experience in the industry, and the contribution of the thesis.

The Online Reputation Management Industry

The online reputation management (ORM) industry focuses on utilizing social media and internet tools in order to assist individuals or businesses with developing an online reputation that suits their needs. With the rapid global growth of the internet of over 106% from 2006 to 2013, and a projection of 3 billion users by the end of 2015, (Digital Portal, 2014) there is an ever growing need for individuals and businesses to represent themselves well online. E-commerce business alone grew by 17% last year in the U.S. and is projected to overtake the sales growth of many traditional brick and mortar stores (Morrison, 2014). For this reason many businesses are turning their focus to their online presence and making sure that customers can find them and see what they want them to see.

In 2011 BIA/Kelsey estimated that small and medium sized businesses alone spent \$1.6 billion on online reputation management. That number is expected to grow to \$5 billion in 2015 (McNichol, 2012). This amount spent does not even include the amount large firms are spending on their online reputation. It also excludes the growing market of individual online reputation management.

There are many steps for an individual or business to go about improving their online reputation. In many cases companies will claim that they can remove negative results from online searches when that

company or individual would be looked up on a search engine. Companies in the online reputation space have the ability to use either white or blackhat methods in order to help provide clients with the results they expect. Blackhat methods are techniques most people would deem as unethical and in some cases illegal that assist in creating the online presence the individual wants. White hat techniques provide a method to improve search results while staying within the terms of service of search engines. White hat methods generally include offering better content, more descriptive keywords, and links to other reliable sites associated with the content on the webpage.

Importance of Thesis

As e-commerce grows, businesses are increasingly seeing the value of their online brand. This is very much supported by the billions of dollars that is being spent by businesses for their online reputation (McNichol, 2012). While there are various articles supporting the value of an online reputation to businesses, there is little quantitative research that has been done on the value of an online reputation for individuals.

An online reputation or brand for many individuals has increased in value over the years as many people are turning to the internet when it comes to researching job candidates, employees of a company, or colleagues and business partners. For this reason there is a growing need for individuals to take control of their own online reputation and spend some time and in some cases money to build their online brand. This thesis will focus on placing a value to a young professional's online reputation as they enter the work force or move from one job to another.

My Experience and Contribution

During my college career I was presented with an opportunity to join a company called Brandyourself. At the time Brandyourself was making major steps in the online reputation space with a free and premium “Do It Yourself” product that provided customers an affordable way to manage their online reputation. Brandyourself was founded by Pete Kistler and Patrick Ambron on the basis that online reputation management should be affordable for any individual. At the time a large portion of the ORM space was comprised of companies who offered services for thousands of dollars. Pete Kistler was a student and could not afford these fees, but needed to find a way to enhance his online reputation because employers were mistaking him for a criminal who had the same name. Pete learned that there were many other individuals with the same problem and approached Patrick Ambron, who had SEO (search engine optimization) experience, in order to develop an affordable product that would walk individuals through the search engine optimization process and help them improve their online reputation. Search engine optimization is the process of enhancing the visibility and rankings on search engines of a website.

I was introduced to these two and the rest of the team the spring of my sophomore year at Penn State. In working closely with the team I was offered an internship the summer going into my junior year where I focused on the Brandyourself business model and the analytics and metrics that drove the company. I was responsible for creating various dashboards of company statistics that could be utilized in order to make important business decisions. Joining the team full time in August of 2013 as the Financial Manager has provided me with just over a year and a half of experience in the field. In that time I assisted in the team’s growth from ten employees to well over fifty, as well as a revenue growth of well over 200%.

While I have access to a significant amount of data from Brandyourself, within this thesis I will only disclose specific information that I have been permitted to use in order to help answer the underlying question of what the value of a young professional’s online reputation is. It may be assumed that in working for a company like Brandyourself, I will have preconceived notions and motivations to raise the

awareness of the importance of an individual's online reputation. Thereby leading to a possible inflation in the perceived value of an individual's online brand. By no means is this thesis meant to attribute an exact value to a young professional's brand. The market for online reputation itself proves that the value of a young professional's online reputation is dependent on their own unique situations. This can be proven simply by observing the various businesses in the industry and realizing their price points for different services and what customers accept those price points for various reasons.

For instance, a number of young professionals will utilize Brandyourself's free or premium service where they may pay anywhere around \$0-\$100 a year for a service to help them with their online reputation. On the other hand there is a percentage of students and young professionals (this number will remain classified) who are willing to pay Brandyourself several thousand dollars to help with their online brand. There are various other companies in the industry, as outlined in the literature review, who offer services upwards of \$15,000 and many other companies have services that well exceed that.

Individual's online reputations are unique and therefore cannot be generalized with one value being associated to all of them. The intention of this thesis is to raise awareness to the value an online reputation has for a young professional looking for a job. Specifically the thesis will focus on the demand for products that assist individuals in enhancing their online presence, and the value that consumers are currently giving accepting these products for in the market. To understand the demand and values, data from Brandyourself's A/B tests will be used to hypothesize the demand in the market place and the values consumers are attributing to its software services.

From an industry prospective, I intend this thesis to provide insight on possible cost structures for the industry and appropriate pricing for reputation services provided to young professionals. Many businesses in the industry may structure their pricing in different ways and offer different services. This thesis will hopefully assist the industry in understanding the value of an online brand that they present to their young professional consumers.

Chapter 2

Literature Review

After working in the industry for over a year, I have been well connected to many individuals who have assisted with my research in the industry. I work closely with the CEO, Patrick Ambron, and the VP of Product, Pete Kistler, from BrandYourself who founded the company because there was no simple software out there to help individuals with their online reputation.

A large portion of papers in the online reputation space focus on the growth and use of the internet. A key fact in supporting my thesis is that a large portion of generation Y, also known as the Millennials, are currently entering the job market and are experiencing a shift in the hiring process. As a Millennial I have experienced this shift first hand as I find myself spending more time online delivering my resumes and cover letters than doing so face to face. The internet has eased our ability to interact with one another.

From a hiring stand point, businesses are taking advantage of this. There are now companies such as CoTrain (founded by a Schreyer Alum) who provide companies with easier ways to hire. CoTrain assists in the interview process for companies by providing them with experienced interviewers and a diverse group of professionals looking for employment. These young professionals are applying and presenting themselves through services powered by the internet like CoTrain, LinkedIn, Facebook, and others. With such a large increase in internet usage there is an ever growing need for the protection of individuals' internet presence. There have been numerous companies built to protect our identities and personal information that we

place on the web. However, there are very few software programs that give us the ability to help control what we want the public to see about us on the internet. That's where reputation software can assist by providing simple steps in order to help your search engine optimization.

Through my research I have come across various data sets on Generation Z, which are comprised of people born between 1995 and 2012. Surveys show that a majority of this generation uses social media apps like Facebook, Twitter, and Instagram (Digital Portal, 2014). If they aren't on the internet yet, they can certainly be a part of the more than 400 million new people who gain internet access each year. At this point in time roughly 3 billion people in the world use the internet. This number grows by the day, and businesses that provide service associated with the internet will continue to grow and increase in number as well (Digital Portal, 2014).

As mentioned previously, companies are looking for easier ways to hire employers and are looking for outlets such as social media and internet based companies that are headhunters to find strong candidates. This gives individuals with an online presence an edge in the application process as they no longer focus just on the face to face interaction, but also the interaction through the internet.

Some companies may even explore the use of computer models that look at social media profiles in order to gain insights on their potential applicants. In a paper published by Wu Youyou, Michal Kosinski, and David Stillwell in the National Academy of Sciences, they developed a computer model that had a greater accuracy in judging an individual's personality when looking at their Facebook likes compared with their average friend or coworker. The model was accurate enough that it almost did as well as the average spouse (Youyou, Kosinski, & Stillwell, 2014).

In using the five factor model and looking at traits such as openness, agreeableness, extraversion, conscientiousness, and neuroticism, the computer model was able to take transform Facebook likes of the individual into a judgment of personality that accurately matched how an individual judged themselves. As outlined in the figure below, it is evident that the computer's accuracy was better than most human judgment (Youyou, Kosinski, & Stillwell, 2014).

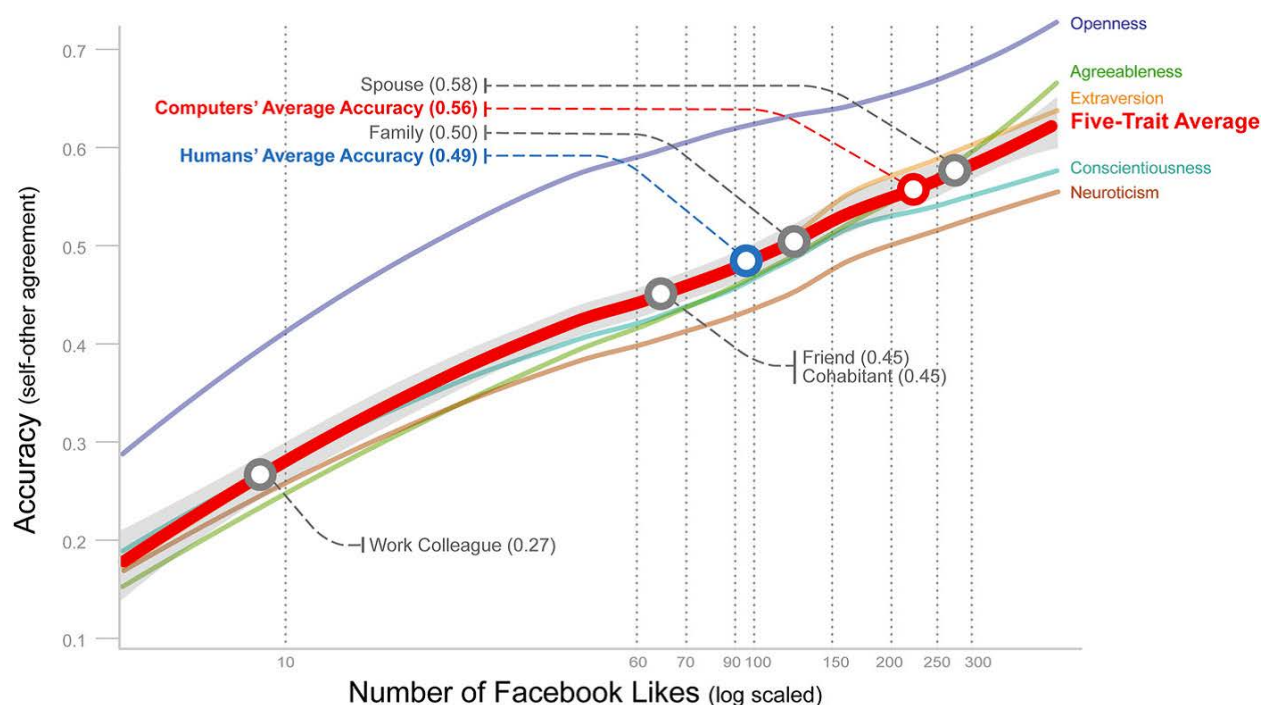


Figure 1 Accuracy of Computer Model for Personality (Youyou, Kosinski, & Stillwell, 2014)

The graph displays accuracy of the computer's judgement of a person's five different factors. Given a certain number of likes that the computer will analyze, the graph displays how accurately the computer can determine the five factors for a person. As the number of likes being analyzed increases, the computer's judgement more accurately reflects how the human views the five factors for themselves.

What this study shows is that companies do not necessarily need to rely only on a human component in order to judge an applicant. These computer models can be integrated into the hiring process in order to save time and money. This is just one way in which companies may begin using social media more often in the application process, which supports the thinking that individuals need to be aware of what they are putting on the internet and how they are building their online presence.

There are numerous papers and studies supporting the need for businesses to have a positive online reputation amongst various platforms such as Yelp.com. In a paper by Michael Luca, he analyzed how online reviews could affect the demand for the restaurant industry. What he found was that based on Yelp's ratings, a one star increase would lead to a 5-9% increase in revenue for that restaurant. He found that this was typical amongst independent restaurants and did not have much of an effect on larger chains (Luca, 2011). Luca also found that consumers in the restaurant industry responded to a restaurant when that establishments ratings provided more information, had more reviews, or was certified by what Yelp considered "Elite" reviewers (Luca, 2011).

Businesses are aware that their online reputation has an effect on their bottom line. In another paper by Luca and colleague Georgias Zervas, they found that numerous companies have tried to post either fraudulent positive information about themselves or negative information about the competition. According to Yelp, 16% of the reviews listed can be classified as fraudulent. (Luca & Zervas, 2014). Luca and Zervas found that when a restaurant had negative reviews or a poor reputation with a limited number of reviews, they were more likely to post fraudulent reviews. They also found that chain restaurants were less likely to post fake reviews

and that a positive correlation existed between an increase in competition and the increase in the number of negative reviews a business would receive (Luca & Zervas, 2014).

Having a positive online reputation also effects the e-commerce markets for places like eBay. In a paper by José Canals-Cerdá, he finds that when looking at Art Dealers who auction items off on eBay, a positive feedback rating can have a “significant and sizable” impact on the buyers (Canals-Cerda, 2008). He finds that many buyers on eBay try to avoid the sellers who have negative feedback. This can be further supported by looking at a controlled experiment by Resnick, Zeckhauser, Swanson, and Lockwood where they found that a seller with a positive eBay online reputation was able to sell a product for 8.1% more than if the same exact seller were to sell it as a new seller with no reputation (Resnick, Zeckhauser, Swanson, & Lockwood, 2006). They also found that new sellers who had one or two negatives were not affected by a change in the willingness to pay from buyers when compared to new sellers without any negative reviews (Resnick, Zeckhauser, Swanson, & Lockwood, 2006).

There is value to what consumers say online, and that is supported by the fact that there are numerous social media companies out there that are turning user based social data into revenue dollars. These companies, such as Yelp, Twitter, Facebook, LinkedIn, and many others are finding ways to translate their user’s actions into revenue. According to an article by Katherine Bindley from The Huffington Post, a company called Backupify did a study that valued a review on Yelp being worth \$9.13, while each tweet on twitter being worth \$0.001 (Bindley, 2012). To find these numbers, Backupify took the revenue of each company and divided it by the number of actions (tweets, reviews, posts, etc.). The study showed that since Yelp reviews have such a significant impact on businesses, each review was worth a lot more money to Yelp than a tweet on twitter on post on Facebook. The findings of the Backupify study

are best broken down within figure 2 that follows.

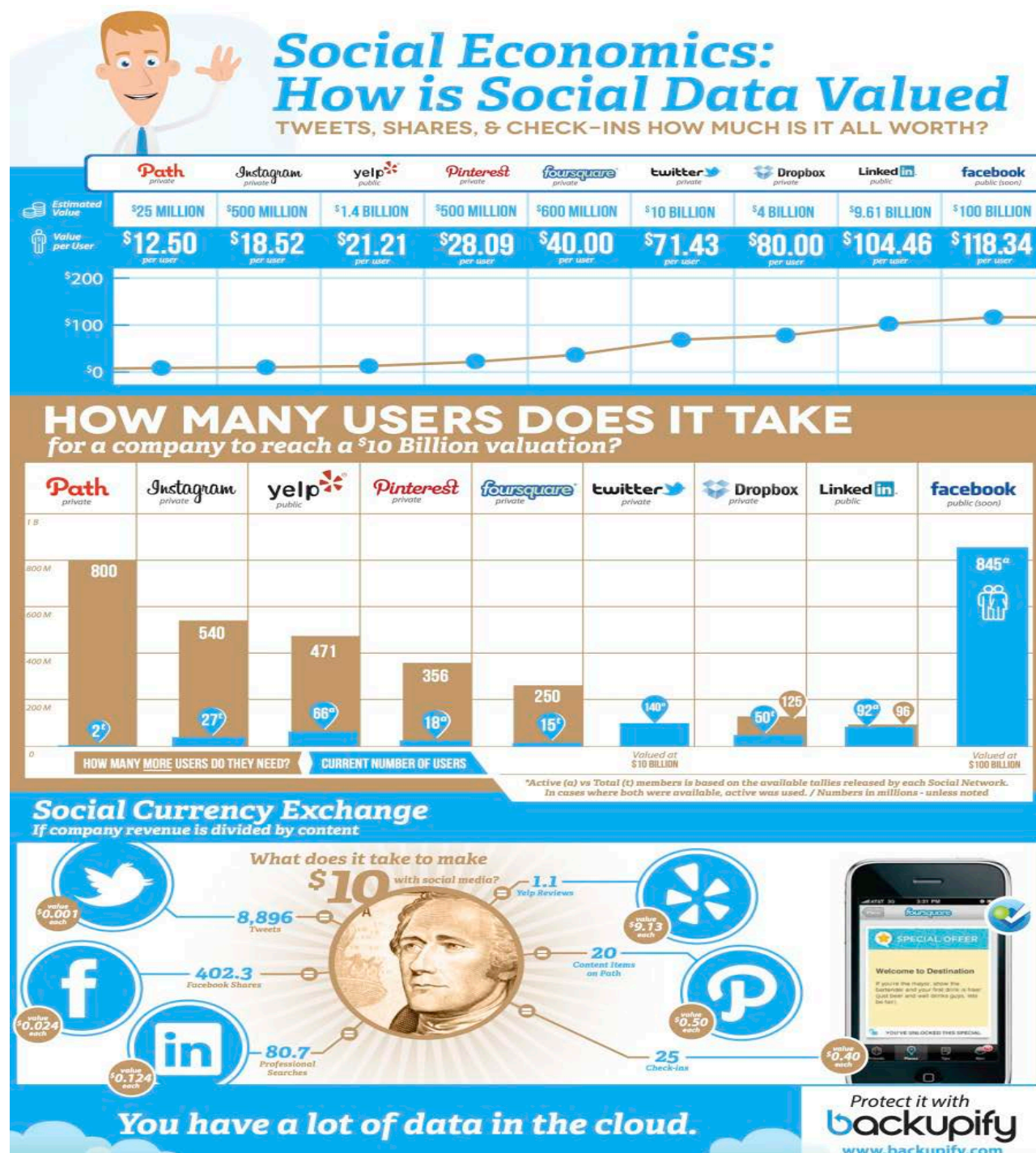


Figure 2 How is Social Data Valued (Bindley, 2012)

The online reputation industry has grown significantly within the last few years providing opportunities for new companies to provide services as more businesses and individuals see the value in having a positive online image. Every year Purch.com issues a report on the top ten companies in the online reputation industry. Many of these are largest companies in the industry and were judged by the following: Monitoring, reputation building, search engine services, content management, and customer service. The 2015 top ten are outlined in the table below (Purch.com, 2015).

| <i>Company</i> | <i>Ranking</i> |
|-----------------------------|-----------------------|
| WebiMax | 1 |
| Brand.com | 2 |
| Reputation Management LLC | 3 |
| Gadook | 4 |
| SubmitEdge | 5 |
| Customer Magnetism | 6 |
| Quantum SEO Labs | 7 |
| Reputation Management Kings | 8 |
| Netmark.com | 9 |
| SEO Partner | 10 |

Table 1 Top 10 Reputation Companies (Purch.com 2015)

There are various other rankings for companies in the industry and many include companies not on this list. Some companies focus mostly on business reputations, while many others are offering services for individual use. The prices offered by these companies range from free services to high level executive packages costing thousands of dollars. Over the years companies have also adapted to provide new services to edge themselves above the rest of the competition. One company, Reputation Manager, offers plans starting at \$2,000 a month that are meant to publish and promote information about your company on websites that will appear at the top of search engines (Reputation Manager, 2015). Another company, Reputation.com, is one of the larger companies in the industry that offers a wide range of prices for both businesses and

personal use. Their packages range from \$3,000 to \$15,000. For all of their packages they offer a reputation team that will create a unique content strategy for the client and offer regular reporting to display key information about the progress of the client's account. On the low end their \$3,000 plan provides four customized websites, thirty website postings, and ten content refreshers. On the higher end, the \$15,000 package offers twelve customized websites, sixty website postings, and thirty content refreshers (Reputation.com, 2015).

As many of companies gain traction in this space they are also being heavily monitored by search engine companies for providing services that would breach the search engines terms of service. In May of 2014 both Brand.com and Reputation.com were blacklisted from Google. What this means is that Google decided to remove the companies from search results, so that when you looked the company up on Google the company's domain name would not appear. This shows that search engines are ultimately the final say when it comes to search engine optimization, and if companies in the space are not adhering to their terms of service, they may face heavy consequences. Barry Hurd is a professional in the reputation space who published a blog reference some of the reasons why companies like Brand.com and Reputation.com may be targeted by search engines for deindexing (Hurd, 2014). The companies may have manipulated reviews, produced low quality links or site content. There may also have been numerous customer complaints, legal conflicts, or reverse technology engineering that would influence a search engines decision to blacklist a company (Hurd, 2014).

While the market for the online reputation space is growing, companies must adhere to the terms of service set forth by search engine companies. Being able to adapt to changes in the terms of service for search engine companies is a significant barrier in the reputation industry that will challenge any business in the industry.

Chapter 3

ORM in the Hiring Process

How Companies Look at Online Profiles

Knowing that employers are starting to use social media and search engines more in order to help sort through potential hires, it is important now more than ever for job seekers to clean up their online reputation. For some, they may have left a naïve picture of one of their first college parties on their Facebook. For others, their name may not even appear on Google. In researching how HR companies look at and use online information to hire a candidate, there are stats that support that having a positive online reputation will increase your chances of getting the jobs you apply for.

According to a multi-national study commissioned by Microsoft and conducted by Cross-Tab companies surveyed are “not only checking online sources to learn about potential candidates, but they also report that their companies have made online screening a formal requirement of the hiring process (Microsoft, 2010).” In fact, according to the study, 75% of firms in the U.S. are required to check online reputational data about a potential job candidate. However, 79% of recruiters are actually checking (Microsoft, 2010). A more recent survey by Jobvite in 2014 says that 93% of recruiters are likely to look at a candidate’s social profile.

These recruiters are using the information that they find online to make important hiring decisions. According to the Jobvite survey 42% of recruiters have reconsidered a job candidates application based on the content that they viewed when looking at the candidates social profiles.

In the U.S, 70% of recruiters have rejected a candidates applications after viewing data that they found about the candidate online (Microsoft, 2010). They will reject applicants based on various findings within their social profiles as shown in the graph below.

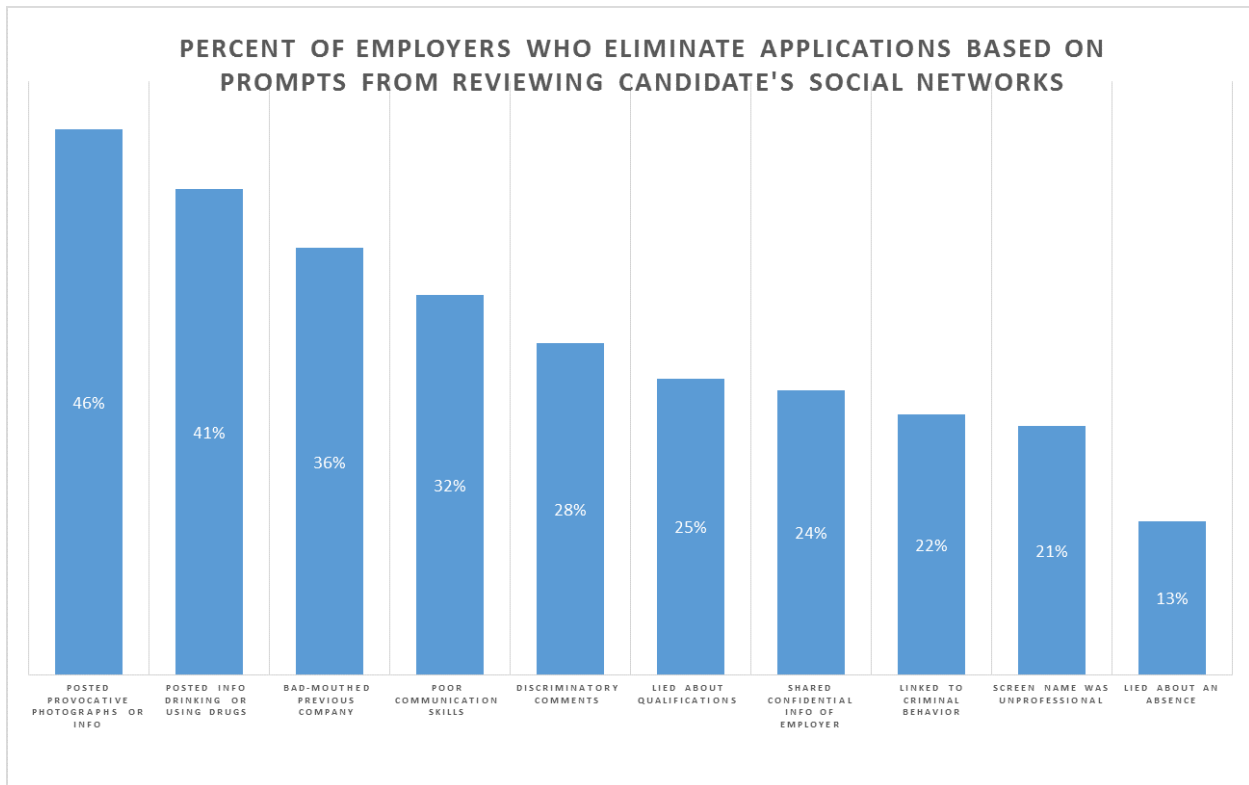


Figure 3 % of employers who eliminate applications based of social networks (Microsoft, 2010)

On the other side of things 85% of recruiters have said that a positive online reputation influences their hiring decisions. They will hire applicants based on various findings within their social profiles as shown in figure 3.

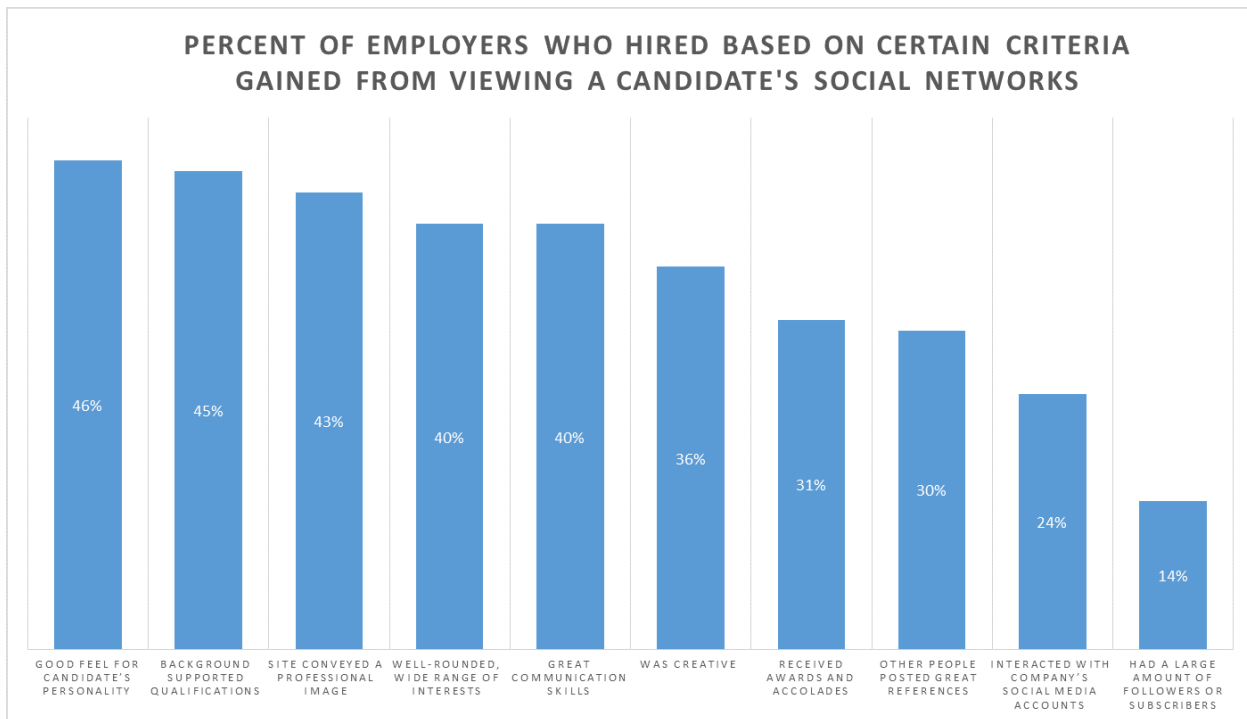


Figure 4 % of employers who hired based on social networks (Microsoft, 2010)

| Percent of recruiters and HR professionals who use these types of sites when researching applicants | |
|---|-----|
| Search engines | 78% |
| Social networking sites | 63% |
| Photo and video sharing sites | 59% |
| Professional and business networking sites | 57% |
| Personal Web sites | 48% |
| Blogs | 46% |
| News sharing sites (e.g. Twitter) | 41% |
| Online forums and communities | 34% |
| Virtual world sites | 32% |
| Web sites that aggregate personal information | 32% |
| Online gaming sites | 27% |
| Professional background checking services | 27% |
| Classifieds and auction sites | 25% |
| None of these | 2% |

Figure 5 % of recruiters who use online sources (Microsoft 2010)

Job recruiters will look at various sites online when reviewing candidates as shown in figure 3. This trend of reviewing online profiles is expected to grow in the years to come. Of the recruiters surveyed 84% believe that the use of online reputational data will increase either all or

most of the time in the next five years, and 10% believe it will increase sometimes. This only supports the fact that young professionals should be concerned and focused on improving their online reputation.

How Young Professionals use ORM in the Hiring Process

Young professionals live in a changing job market where it is not uncommon to search for a new job every few years. According to the 2014 Jobvite survey, “35% of the U.S. labor force change their job every 5 years (Jobvite, 2014).” The survey also found that 47% of the U.S. labor force stays with their job for more than 10 years. It was also found that “51% of employed workers are either actively seeking, or open to a new job (Jobvite, 2014).”

The way in which these job seekers are finding employment opportunities is changing. Four out of ten individuals have said that they found their job through a personal connection. However, online networking also served an important role in the introduction process with 21% of job seekers saying that it was their top source of finding their job. These social job seekers range in demographics as shown in the figure below from the Jobvite survey.

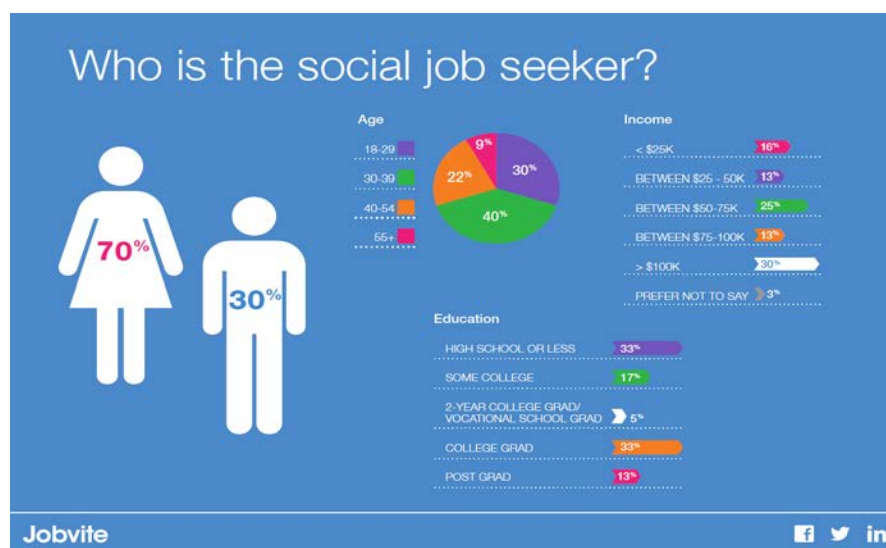


Figure 6 Who is the social job seeker (Jobvite, 2014)

As can be seen in the demographic information above, these job seekers are part of a younger generation that is highly educated and also wealthier. These social job seekers are utilizing social media in various ways in order to find jobs and increase their presence to possible employers.

According to Jobvite these job seekers who are 4-year college grads will go to social media companies such as LinkedIn and Twitter, anywhere from 13% (going to Twitter) to 23% (going to LinkedIn) in order to learn more about their prospective employers' company culture. About 24% of these job seekers will look up contacts that are employees at a prospective employer (Jobvite, 2014). Social job seekers are using their online connections as a means to find new job opportunities as illustrated in the following Jobvite overview.

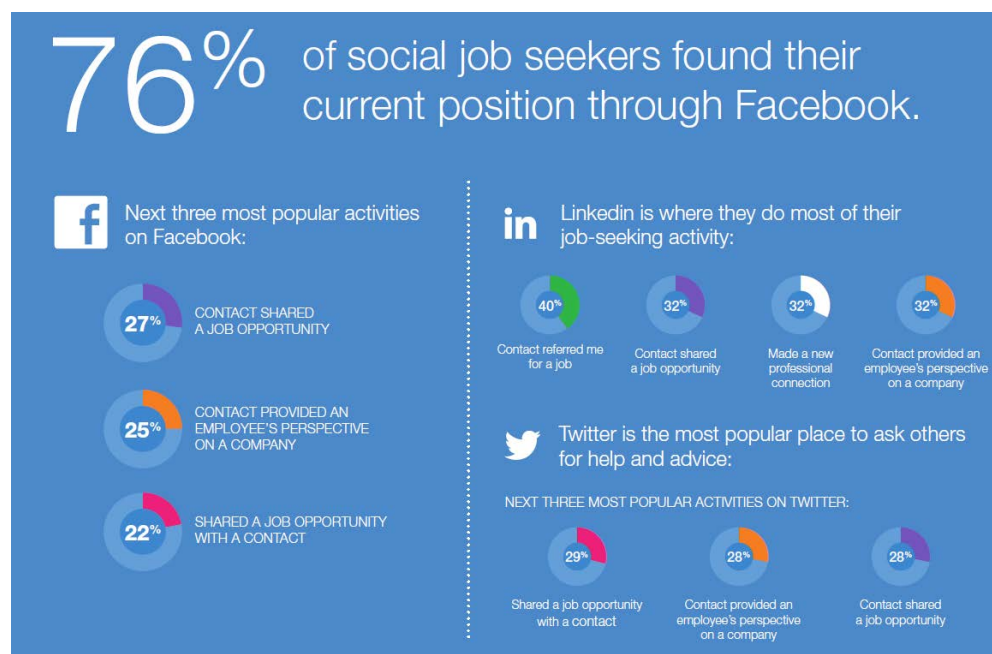


Figure 7 Job seekers use of online connections (Jobvite, 2014)

The previous sections provided insight into how recruiters are looking at online profiles, and many social job seekers are doing things to help protect themselves from a poor online presence that they may not want recruiters to see. According to Jobvite, 46% of job seekers have changed their privacy settings on their account and 40% of them also changed their social media presence in some way prior to a recent job search. Some have even chose to delete specific content (17%), while other have decided to

delete their accounts entirely (17%). Other job seekers have taken action by untagging themselves from possibly inappropriate photos (12%).

However, while many are taking action a portion of individuals admit that they actively use profanity, grammar errors, and references to alcohol within their social media profiles. A majority of these individuals come from a less-educated background where 18% of those surveyed who had a high school education or less said that they used profanity, while only 6% of those with greater than a 4-year college degree said they used profanity. The same statistics were true when asked whether they were careless with their spelling or grammar on their social media profiles. When asked who shared pictures of themselves drinking the statistics ranged anywhere from 10% of those with a high school education or less did to 16% of those with a 4-year college degree did (Jobvite, 2014).

To bring this back to an employers' prospective, 65% of recruiters look negatively at profanity on profiles, while 61% look negatively at grammar errors and 47% look negatively to references of alcohol use. Recruiters are increasingly using technology as a means to gather and filter possible job applicants. Younger job seekers are recognizing this and taking action to not only utilize social media to find jobs, but also use it as a means to show an online resume to an employer. Many job seekers are also aware that these employers are watching and they are changing their online profiles to prepare for that.

As employers utilize more technology and social media in order to filter applicants there is an important component of the online reputation industry that employer must be weary of. This is the fact that while many young professionals may build a brand to enhance their application, some individuals may be utilizing search engine optimization techniques in order to hide negative information or illegal activity. This negative information can range anywhere from profanity on social media to press releases about a potential applicant's latest series of robberies and criminal activities. This concealed information about an applicant can hopefully be revealed by background checks, but a lack of transparency of a candidate's background may cause issues for a company later. They may find out that an applicant isn't who they seem to be from a first impression and from what is online about them. The lack of transparency

could make the hiring process for businesses more difficult as they may have more difficulty sorting through applicants with troubled pasts that are now concealed by positive information online.

Chapter 4

Demand for Products to Support a Personal Brand

BrandYourself A/B Test Overview

As mentioned within the introduction, the online reputation management space is a market that provides a wide variety of services. From free services with limited customer service, to thousand dollar services where companies do most of the leg work in up keeping an individual's online presence, the market caters to almost any individual. However, a majority of young professionals cannot pay for thousand dollar services and opt for free or premium services at a much lower fee. To focus on these individuals, the results of an A/B test from Brandyourself will be looked at to help determine an appropriate demand for premium software that assists in enhancing an individual's online presence.

Product Overview

Brandyourself provides a free “do it yourself” product and a premium version of the product. The DIY product helps to simplify the complicated online management process by providing several steps to enhance and individual's online presence. The premium version is sold in three different options. A yearly subscription, a 6-month subscription, and a 3-month subscription.

The first step in this process is users will submit profiles where they want individuals to find them online. This may include social media profiles, personal websites, or any other kinds of profiles. After this, users follow steps outlined for each profile they submit to help enhance that profile. These steps may include linking your URL to the profile, setting up a profile picture, completing your profile summary, and various other steps. A sample of this process is shown in figure 7. This step allows users to “boost” the ranking of their profiles by following the steps outlined.



Figure 8 Brandyourself Boost Step Process (Brandyourself, 2015)

After you complete these steps you can track your progress and get alerts for whenever your results may change on Google. You also receive a search score that identifies how well you are dealing with positive and negatives on your first page of results on Google.

Finally the product allows you to find who is Googling you and will alert you when an individual has looked your name up. If they are another BY customer it will tell you who it was exactly that found you. If they are not a BY user it will give you other information, such as the location or company from which the individual searched for you.

A/B Test Logic and Shortcomings

A company uses A/B tests in order to compare changes to products and the reactions from customers. Many times A/B tests are run to see how the market may react to different prices. They are often done by randomly taking one group of customers and allowing them to view option A, while other customers only view option B. Businesses then compare how customers interacted with each of the different options.

In order to find a profit maximizing set of prices for their premium product, Brandyourself ran an A/B test for a period of time to gather consumer information and optimize the product to maximize profits for the company, while still providing a suitable product for the consumer. By looking at this A/B test,

one can gather an idea of the optimal price a young professional may be willing to pay to help their online reputation. This A/B test was set up so that any individual who had visited the website and was looking to upgrade to the premium service would view one of four different upgrade pages. Users were randomly and evenly selected to visit each of these four pages. Each page included a different series of prices for the 3-month, 6-month, and 12-month product. These exogenous changes in prices were utilized in order to determine the endogenous output of total sales. The prices are broken down in table 2 which provides an overview of the test.

| A/B Test Overview | | | | | |
|------------------------------|-----------------|----------------------------------|--------------------|------------------------------|----------------------------|
| Group A Pricing | Pricing | Unique Payment Page Views | Total Sales | First Payment Revenue | Conversion to sales |
| 3 months | \$ 24.99 | 1529 | 94 | \$ 2,349.06 | 6.15% |
| 6 months | \$ 44.99 | 1529 | 21 | \$ 944.79 | 1.37% |
| 12 month | \$ 79.99 | 1529 | 70 | \$ 5,599.30 | 4.58% |
| Total Group A | \$ 48.07 | 1529 | 185 | \$ 8,893.15 | 12.10% |
| Group B Pricing | | | | | |
| 3 months | \$ 34.99 | 1492 | 58 | \$ 2,029.42 | 3.89% |
| 6 months | \$ 59.99 | 1492 | 14 | \$ 839.86 | 0.94% |
| 12 month | \$ 99.99 | 1492 | 70 | \$ 6,999.30 | 4.69% |
| Total Group B Pricing | \$ 69.50 | 1492 | 142 | \$ 9,868.58 | 9.52% |
| Group C Pricing | | | | | |
| 3 months | \$ 49.99 | 1545 | 54 | \$ 2,699.46 | 3.50% |
| 6 months | \$ 89.99 | 1545 | 9 | \$ 809.91 | 0.58% |
| 12 month | \$ 159.99 | 1545 | 40 | \$ 6,399.60 | 2.59% |
| Total Group C Pricing | \$ 96.20 | 1545 | 103 | \$ 9,908.97 | 6.67% |
| Group D Pricing | | | | | |
| 3 months | \$ 9.99 | 1551 | 131 | \$ 1,308.69 | 8.45% |
| 6 months | \$ 19.99 | 1551 | 37 | \$ 739.63 | 2.39% |
| 12 month | \$ 39.99 | 1551 | 116 | \$ 4,638.84 | 7.48% |
| Total Group D Pricing | \$ 23.55 | 1551 | 284 | \$ 6,687.16 | 18.31% |

Table 2 A/B Test Overview (Brandyourself, 2014)

To best describe the logic of the table above, it is broken down to describe the pricing, page views, sales, first payment revenue, and conversion rate. There are four different pricing groups A through D. The pricing was determined so that within all groups, except group D, there was a discount given for moving up to a longer subscription time period. The average price based on the total revenue divided by the total sales for each group is also provided. Unique payment page views refers to the number of unique individuals who viewed the page with that pricing to upgrade. The total sales refers to those who chose to upgrade from a free subscription to a premium subscription. The first payment

revenue is simply a calculation of the total sales multiplied by the price paid. The conversion to sales is the number of sales divided by the unique users that visited.

Once a user visited this page they were then linked to those prices, so that when they revisited the product the same pricing would appear. No discrimination based on any geographic information was used to select who would see each price. It was completely random as people visited the available upgrade pages. Only a portion of the data was taken for the purposes of this analysis since not all of the groups of prices were available to consumers for the same period of time. However, the data provided above is for the same period of time within about a month's time in 2013.

In order to analyze this A/B test several assumptions were made. The first is that all individuals viewing the prices are only aware of the prices that they see. It is quite possible that a user may have signed up twice with different emails on different computers and could have possibly seen pricing differences or may have been made aware of the pricing difference if they were referred by a friend who received a different price. This could have had an impact on their decision to buy.

Another assumption is that when users were randomly selected, it was done so that each grouping of users had a fair distribution of characteristics. For instance the users, from group A were not all geographically focused in New York or on average earned a higher wage than those who were in group B, C, or D. One additional key assumption is that since this is a software service with minimal variable costs, it is assumed that adding an additional customer would cost zero dollars. In reality it may cost a little bit extra in server costs and customer service, but for simplicity it will be assumed that all sales made will be considered all profit. When the financial model will be looked at the fixed costs will be added in to then view an overall operating profit for a potential company in the space.

With these assumptions in mind there are certainly a few shortfalls that could occur within the test that would lead to misinterpretation of the data. The first, is that there is a small sample size for the test. While there were over 6,000 individuals that looked at the upgrade prices, only a small percentage converted. It would only take a few individuals to influence the findings from the test. Another shortfall

of the test is there is not enough demographic information regarding the users to provide accurate input and further analysis on the type of individuals who purchased the product.

In order to analyze the profit maximizing prices an analysis must also be done on the cohorts of users for each group to see if certain prices were attributed to higher renewal rates. The lifetime revenue of these users have been looked at in order to find the groups of prices that leads to the most profitable outcome for a company operating in the reputation space. The problem with looking at the lifetime revenue is that not all users have ended their subscriptions. It is possible that some will renew again and add onto the average lifetime value. Since it is also a small sample size of individuals that end up renewing, the overall lifetime revenue may not be accurate enough to provide an answer to the group of profit maximizing prices.

Another shortfall is the influence of the option for a user to choose between three different subscription lengths. They may be incentivized to choose a longer period for a subscription because of a discounted monthly price. It is possible that if they belonged to a different group they would not have acted same way and could have purchased a 3-month subscriptions instead of a 12-month subscriptions for example. This is important to keep in mind when analyzing the prices of each grouping to find which price overall out of the four that maximizes profit for a company.

Analysis of A/B Tests

The A/B tests will be looked at in several ways in order to determine the value of an online reputation as perceived by a young professional that also provides a profit maximizing option for a company within the industry. First it is important to look at the demands for each subscription length and the corresponding exponential functions that could help to best estimate the portfolio with the optimal prices. The following graphs show the demand for the 3-month, 6-month, and 12-month premium

products and includes their R squared value and exponential functions. One of the problems looking at both the equations and the R squared value is that they are based on only four different points.



Figure 9 Pricing Demand of 1 Year Product (Brandyourself, 2014)



Figure 10 Pricing Demand of 6 Month Product (Brandyourself, 2014)

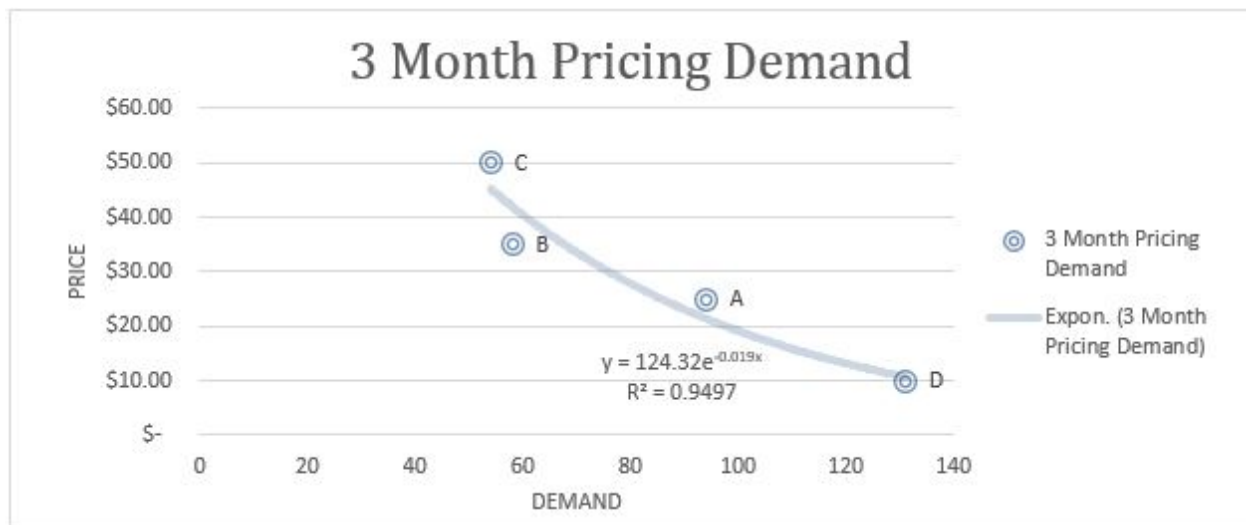


Figure 11 Pricing Demand of 3 Month Product (Brandyourself, 2014)

In looking at the one year pricing the one anomaly seems to be the quantity of people who chose to purchase in group B and group A was the same. With an R squared value of 0.9739 the different price points and demands are all pretty close to the line of best fit. This also holds true for the 6 month and 3 month demand graphs which show a 0.9909 R squared and 0.9497 R squared. While the fewest number of individuals picked the 6 month product, providing the lowest sample size, it ended up being the subscription type with the points closest to the line of best fit according to the R squared.

Another way to look at the information is from a monthly price basis. As mentioned previously, since a consumer views three different options within one group of prices, it is hard to say whether or not their mentality to purchase a longer or shorter subscription would have changed had they seen another group of prices. By breaking down the prices by monthly costs for each of the twelve different possible subscriptions to purchase the demand graph can be looked at to find the ideal monthly cost. The graph below first breaks the demand down by showing the exponential line for the equation and the R squared value. This is then followed by a graph that shows it by type of subscription, 3-month, 6-month, or 12-month.

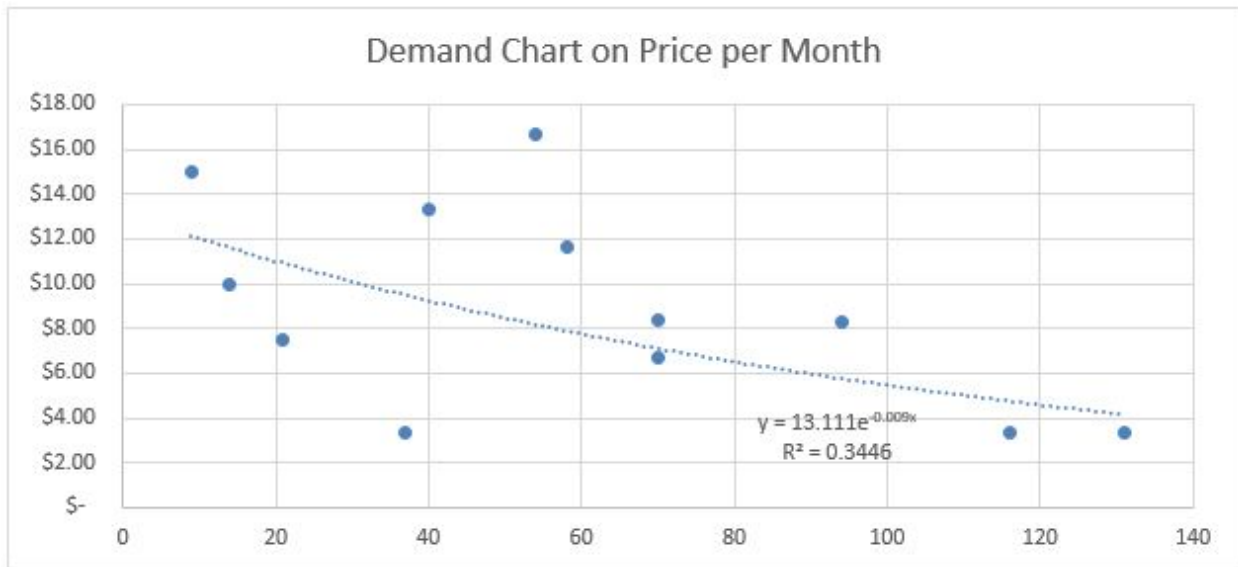


Figure 12 Demand Chart on Price per Month (Brandyourself, 2014)

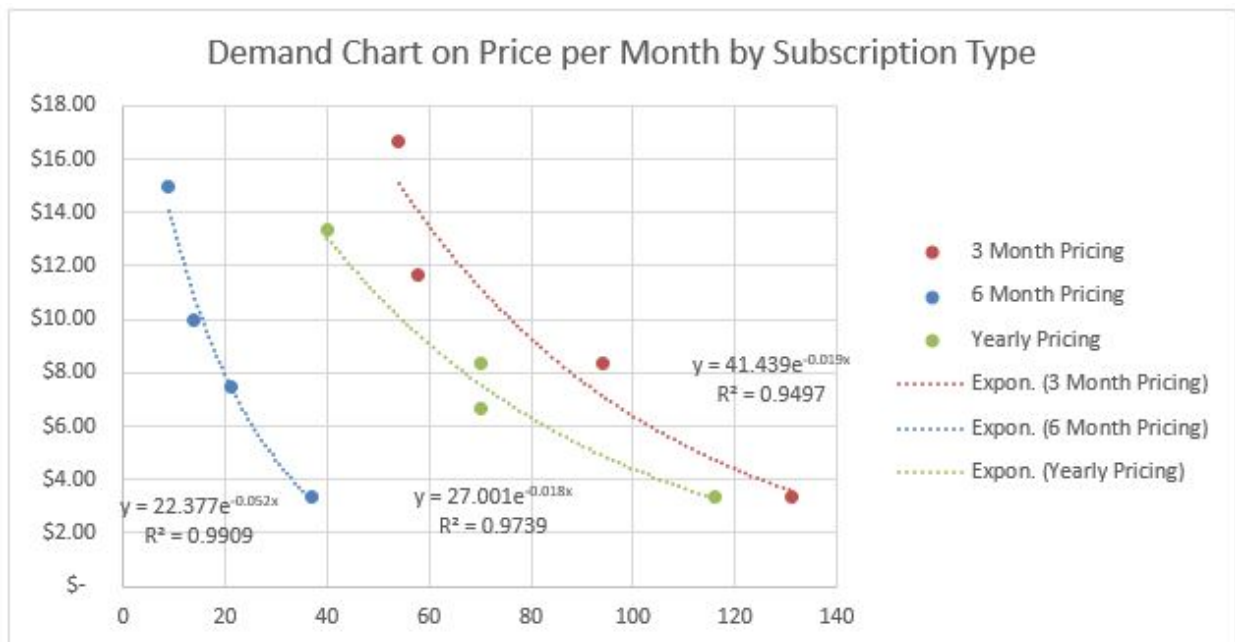


Figure 13 Demand Chart on Price per Month by Subscription (Brandyourself, 2014)

As shown in the graphs, from a monthly cost point it is partially clear that while there are several customers who look to purchase a 6 month sub most are looking to buy either the 12 month or 3 month plan. The demand for the 6 month options have a significant effect on the exponential function and the R

squared values. This leads back to the shortfall that it is difficult to analyze the data and willingness for a customer to pay when they may decide to choose a different length subscription based upon what portfolio of prices they choose. The elasticity of this demand graph differs because of its exponential nature. However, looking around the middle of the graph between quantities 60 and 80, the exponential equation can be used to find a sample elasticity that helps to explain the nature of this demand curve. The points used to determine elasticity for the region from quantity 60 to 80 are (60, 7.75) and (80, 6.51). Using these points $\text{elasticity} = ((60-80)/140)/((7.75-6.51)/14.26) = -1.643$. Showing that for every 1% decrease in the price of the product there can be an expected 1.643% increase in the quantity of purchases.

| Monthly Cost Details | | | |
|-----------------------------|--------------|---------------|----------------------|
| | Group | Demand | Monthly Price |
| 3 month | A | 94 | \$ 8.33 |
| | B | 58 | \$ 11.66 |
| | C | 54 | \$ 16.66 |
| | D | 131 | \$ 3.33 |
| 6 month | A | 21 | \$ 7.50 |
| | B | 14 | \$ 10.00 |
| | C | 9 | \$ 15.00 |
| | D | 37 | \$ 3.33 |
| Yearly | A | 70 | \$ 6.67 |
| | B | 70 | \$ 8.33 |
| | C | 40 | \$ 13.33 |
| | D | 116 | \$ 3.33 |

Table 3 Breakdown of Monthly Costs of Products (Brandyouelf, 2014)

The graphs and table also suggest that a commitment requirement to a certain length of a subscription is an important factor. Looking at the monthly price for the three month sub, with the highest price of \$16.66 per month there was a higher quantity of subscriptions sold compared to the highest monthly prices for the 6 month and yearly plan. The same held true for the lowest prices, suggesting that there is a high level of commitment concern by customers to purchase the product for a lengthy time. With the 6 month plans falling significantly short of sales compared to 3 month and yearly plans it is possible that within the consumers' eyes they are satisfied with a free version of the product and see the

value in purchasing for a year time period. Or they are skeptical of the product performance and will decide to purchase the product for a shorter period of time to make sure it is successful for them.

Chapter 5

Value of an Online Brand

Perceived Value by Young Professional

As previously pointed out, the value of an online brand to any consumer is unique to their own circumstances which may warrant a significantly higher range in values compared to other products in services. You have some individuals willing to pay little to nothing, while others are willing to spend thousands. Looking specifically at the A/B tests, consumers followed an expected trend of increased prices leading to decreased sales. Their willingness to pay ranged from \$3.33 per month to \$16.66 per month. To put meaning to this value within the industry though it is important to look at the profit maximizing option.

Profit Maximizing Value for Firm

In order for a firm to maximize profits for an online reputation DIY product the exponential functions of the three different subscription lengths can be used in order find the optimal price. These calculations are outlined in the table 4. Solver was used in excel in order to find the optimal price by changing quantity that maximized quantity multiplied by price.

| Profit Maximizing Prices | | | | |
|---------------------------------|--|-----------------|------------------------|--------------------------|
| Subscription Type | Profit Maximizing Equation | Quantity | Price Per Month | Profit Maximizing |
| 3 month | $\text{Price}=124.32*\text{EXP}\{-0.019*\text{Quantity}\}$ | 52.6 | \$ 45.73 | \$ 2,407.09 |
| 6 month | $\text{Price}=134.26*\text{EXP}\{-0.052*\text{Quantity}\}$ | 19.2 | \$ 49.39 | \$ 949.84 |
| 12 month | $\text{Price}=324.01*\text{EXP}\{-0.018*\text{Quantity}\}$ | 55.6 | \$ 119.20 | \$ 6,622.03 |

Table 4 Profit Maximizing Prices (Brandyourself, 2014)

If these prices were chosen in order to maximize profits there would be additional factors effecting the consumer's decision to purchase. Most significantly would be the fact that if the price was

set at \$49.39 for the 6 month service, it would make little sense to purchase the yearly service, which costs about \$10 dollars more for an equivalent sixth months of service. On the lower end, there is only about a \$4 difference between the 6 month and the 3 month price suggesting consumers may just decide to purchase the 6 month package for such a small additional charge. Using this pricing model it may be appropriate to set prices at \$45.99 for a 3 month service and \$119.99 for a yearly service, while dropping the 6 month option.

One significant pricing effect is the use of how the price is displayed. For example, while you can choose to price a product at an even \$50, most company will choose to price it at \$49.99 because more customers will decide to purchase even though it is a 1 cent difference. With that said it may make sense to look at the different portfolios of prices and find those that maximized sales.

| Optimal Portfolio | | | | |
|--------------------------|---------------|-----------|--------------|--------------------|
| <i>3 Month Pricing</i> | New Customers | Price | | Total Sales |
| A | 94 | \$ | 24.99 | \$ 2,349.06 |
| B | 58 | \$ | 34.99 | \$ 2,029.42 |
| C | 54 | \$ | 49.99 | \$ 2,699.46 |
| D | 131 | \$ | 9.99 | \$ 1,308.69 |
| <i>6 Month Pricing</i> | New Customers | Price | | Total Sales |
| A | 21 | \$ | 44.99 | \$ 944.79 |
| B | 14 | \$ | 59.99 | \$ 839.86 |
| C | 9 | \$ | 89.99 | \$ 809.91 |
| D | 37 | \$ | 19.99 | \$ 739.63 |
| <i>Yearly Pricing</i> | New Customers | Price | | Total Sales |
| A | 70 | \$ | 79.99 | \$ 5,599.30 |
| B | 70 | \$ | 99.99 | \$ 6,999.30 |
| C | 40 | \$ | 159.99 | \$ 6,399.60 |
| D | 116 | \$ | 39.99 | \$ 4,638.84 |

Table 5 Optimal Portfolio Pricing (Brandyourself, 2014)

In the chart above, the prices for each type of subscription highlighted offered the maximum amount it sales. These options may be combined to form the optimal portfolio of prices, except again there is a discrepancy with the willingness to pay for a 6 month subscription where the cost will be

\$44.99, while the cost for a 3 month subscription would be \$49.99. This again suggests that there may not be a need for a 6 month product. The best solution for that would be to run test with two portfolios of prices. One that has all three subscription options and one which has just a 3 month and a yearly option that is the same price in each portfolio. You then look at the two portfolios to see how consumers act without the option to purchase the 6 month subscription. Finding the portfolio with the maximum amount of sales may indicate whether or not a 6 month plan makes sense.

While the previous options may offer a solution to finding how a company may value a young professional's reputation it is important to keep one significant metric in mind when analyzing pricing in a recurring subscription business. That metric is the average lifetime value of a client. Many consumers within the test chose to continue their subscription, therefore providing additional revenue to the company. Some users may have reacted differently given the price they were paying for the service. While the information on recurring transactions cannot be disclosed for proprietary reasons the options that maximized sales are indicated below within the charts that follow each product chart showing the maximized sales on the first purchase.



Figure 14 Maximum Sales from 3 Month Product (Brandyourself, 2014)



Figure 15 Maximum Sales from 3 Month Product Overtime (Brandyourself, 2014)



Figure 16 Maximum Sales from 6 Month Product (Brandyourself, 2014)



Figure 17 Maximum Sales from 6 Month Product Overtime (Brandyourself, 2014)



Figure 18 Maximum Sales from Yearly Product (Brandyourself, 2014)

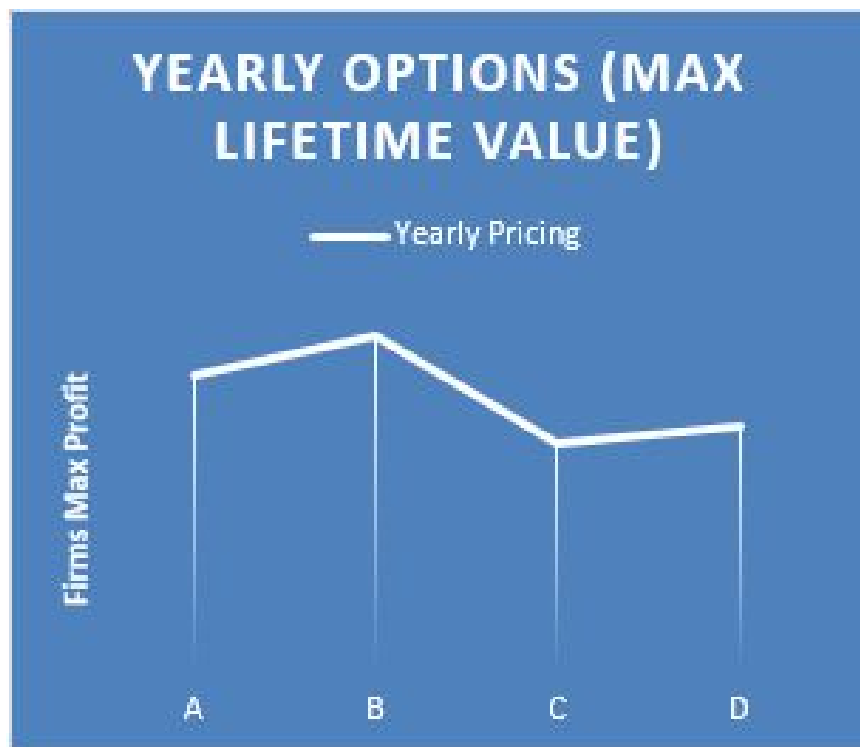


Figure 19 Maximum Sales from Yearly Product Overtime (Brandyourself, 2014)

As it is clear from the graphs above, the ideal price as it coordinates with maximizing of customer lifetime value does not match the ideal price seen from the first time of purchase. The ideal prices and conversions to sales of those prices have been outlined in table 6 on the following page.

| Optimal Portfolio of Products that Maximizes Lifetime Value | | |
|--|--|-------------------------------------|
| | Maximizing Life Time Value Prices | Profit Maximizing Conversion |
| 3 Month | \$ 24.99 | 6.15% |
| 6 Month | \$ 44.99 | 1.37% |
| 12 Month | \$ 99.99 | 4.69% |

Table 6 Optimal Portfolio of Products that Maximizes Lifetime Value

Here again the prices may have to be adjusted slightly so that they accurately form a portfolio that makes sense, where there is a discount offered as the length of the subscription increases. There are two major short comings looking at this model. The first is that consumer's may still be on their subscriptions and will renew in the future, therefore changing average lifetime value of the client. The second is the matter discussed previously on how small the sample size was for some of the subscription options. Just a matter of two or three customers could change the perception of this analysis on what the ideal price is.

To put a value on a young professionals brand it is important to look at this average lifetime value analysis. Given that the monthly value of both the yearly and the 3 month are \$8.33, and the 6 month closely follows at \$7.50 per month it may be appropriate to draw a conclusion that on average a young professional values their online brand close to \$8.33 a month. This of course is based on analyzing individuals who have an interest in their online brand. For a more appropriate number it may be important to expand this to looking at the market as a whole of all young professionals. This would include those who may not even utilize the internet or those who would pay thousands for an online brand.

Chapter 6

Business Feasibility

Business Model Overview

For any company in the space it is important to understand the business feasibility for a product in the online reputation space. This section will outline a financial model that was developed in order to understand whether or not a business could operate solely off of a subscription model that would utilize a service that was solely a DIY product. It is important to note that this model is not associated with metrics from Brandyourself and is solely meant to show a possible scenario and valuation for a business in the reputation space. The assumptions that will be used can range widely depending on the area in which a business may be established. The model will be used to forecast three different scenarios, a best case, most likely, and conservative scenario. Each will keep certain assumptions, however some assumptions will change by varying assumptions such as churn.

Business Model Assumptions

This model was designed to provide the ability to change a large portion of variables that may affect the business. The following charts will outline all of the assumptions within model. To help clarify each variable many have been color coded to address a certain type of label that they may represent. To start there is some basic knowledge to the business that is important to know. The following will be assumed about the current operations of the business. It will be one that starts from scratch with no customers, but 1 million dollars in investment which can be invested with certain restrictions outlined in the following chart. Reinvestment will start at \$5 per new user, which is an appropriate estimate for the industry.

| | |
|--|--------------|
| Cash-on-hand | \$ 1,000,000 |
| Number of Employees Out of the Office | 7 |
| Reinvestment of Cash (Has a 2 Month Lag) | |
| Can't Reinvest More than 8% of cash-on hand balance | 8% |
| Reinvestment can begin in month 10 | 10 |
| Cost per New User | 5 |
| Increase of 0.08 in cost per new user for every 300000 new users | \$ 0.08 |
| Variable for number of new users until expenses increase | 300000 |
| Balance never exceeds 3 months of expenses | 3 |
| And never has less than \$200000 | 200000 |
| Taxes | 45% |
| Current Deferred Tax Assets (Net Operating Losses) | \$ - |
| Current Free Users | 0 |

Table 7 Basic Business Assumptions for Model

After the basic business functions there are the assumptions for the product. While a business may not act and price their portfolio this way, for the purposes of the model we will use the optimal portfolio of prices previously found which gives us the following prices and conversion rates. The conversion ratios in the middle of the graph represent the percent of free users that purchase each product. The model however is built to take the total percentage of customers that go from free to premium. Then it breaks that number down. In this case the 12.21% will be distributed based on the percentages within the column, Profit Max for model.

| Optimal Portfolio of Products that Maximizes Lifetime Value | | | |
|---|-----------------------------------|------------------------------|----------------------|
| | Maximizing Life Time Value Prices | Profit Maximizing Conversion | Profit Max for model |
| 3 Month | \$ 24.99 | 6.15% | 50.34% |
| 6 Month | \$ 44.99 | 1.37% | 11.25% |
| 12 Month | \$ 99.99 | 4.69% | 38.42% |
| Total | | 12.21% | 100.00% |

Table 8 Optimal Portfolio of Products that Maximizes Lifetime Value for Business Model (Brandyouelf, 2014)

| Premium Subscription Assumptions | | | | | | |
|----------------------------------|----------------|---|--|--------|---|--------|
| Pricing | | | Free Subs Conversion (% of traffic) | 15% | Churn and Conversion to other plans per month | |
| 1 month option | \$20.00 | | Paid Subs Conversion (% of free subs) | 12% | 1 month (Totals 100%) | \$1.00 |
| 3 month | \$24.99 | | Paid Breakdown w/ months till conversion | | 1 month option | \$0.95 |
| 6 month | \$44.99 | Variables For Breakdown Residuals | 1 month option (% of subscribers to 1 m | \$0.00 | 3 month | \$0.00 |
| 1 year | \$99.99 | | same month | \$0.00 | 6 month | \$0.00 |
| Ultimate Life of Customer | Death (months) | | 2 months | \$0.00 | 1 year | \$0.00 |
| 1 month option | \$50.00 | | 3 months | \$0.00 | churn | \$0.05 |
| 3 month | 120 | | Residual (Kick in month determined by c | \$0.00 | 3 month (Totals 100%) | 100% |
| 6 month | 120 | | 3 month (% of subscribers to 3 mon | 50% | 1 month option | 0% |
| 1 year | 120 | | same month | 50% | 3 month | 68% |
| Churn Rate Breakdown | | | 2 months | 40% | 6 month | 0% |
| 1 month option | \$0.03 | | 3 months | 10% | 1 year | 0% |
| 3 month | 32% | | Residual | 0% | churn | 32% |
| 6 month | 38% | 4 | 6 month (% of subscribers to 6 mon | 11% | 6 month (Totals 100%) | 100% |
| 1 year | 50% | | same month | 50% | 1 month option | 0% |
| Refund Rate | | | 2 months | 40% | 3 month | 0% |
| 1 month option | \$0.02 | | 3 months | 10% | 6 month | 62% |
| 3 month | 2.00% | 8 | Residual | 0% | 1 year | 0% |
| 6 month | 3.00% | | 1 year (% of subscribers to 1 year pl | 38% | churn | 38% |
| 1 year | 2.00% | | same month | 50% | 12 month (Totals 100%) | 100% |
| | | | 2 months | 40% | 1 month option | 0% |
| | | | 3 months | 10% | 3 month | 0% |
| | | 9 | Residual | 0% | 6 month | 0% |
| | | | | | 1 year | 50% |
| | | | | | churn | 50% |

Table 9 Premium Subscription Assumptions for Business Model

The section above details how customers react who purchase a premium product. Everything in the greyed out cells can be ignored for now. Those are available if another type of subscription wants to be pursued, for instance a 2 year or a 1 month plan. On the left side you have the pricing of each plan followed by the details of how many months a person could be a customer. This assumes that after 10 years, if a person hasn't churned yet, then they have "died" in the model. The churn rates made available are the percent of customers who at time for renewal will decide to not pay again. The refund rate express an amount of customers who will ask for a refund. The section to the middle defines the length of time it takes a person to convert to a paid user after they become a free user. It is not expected that this is instantaneous so there is an option for people to start pay two, three, or some residual number of months after they had signed on for free. On the far left there is the option to decide what occurs when a user goes to renew. It gives the opportunity for a percentage to switch from using one type of plan to another. To simplify this model it is going to be assumed that individuals will just churn or renew the plan that they currently are on.

There are a few traffic and marketing assumption within the model. It is assumed that starting out with the reinvestment assumption from above there will be about 75k worth of traffic a month that will

gradually grow by 1% every month. The time until organic is recognized is the month number in which the organic traffic starts coming. Organic traffic refers to any traffic that may come as a result of brand awareness or word of mouth. For this model it is assumed that it starts at business open.

| | |
|----------------------------------|-------|
| Organic Growth Rate | 1.00% |
| Organic Start | 75000 |
| Time Until Organic is recognized | 1 |

Table 10 Traffic Assumptions for Business Model

The following is the final and largest component in terms of assumptions and those are the cost. The terminology is pretty well outlined in the charts that are to follow, so there is not much need to go into details about what each variable means. One important thing to note is that the tax and benefits variables that are percentages are a percent of salary. In many case the section on the right outlines what month certain hires will be made. Please note here the model starts 1 year prior to present day. So month one is technically one year ago. This is to allow for imputing historical data into the model. While no historical information will be put into this model, when looking at information such as when a certain hire was made, it is important to note to subtract by twelve to get the number of months in the future that that would be. For instance if it says hired in month eighteen, they will be hired in six months from now.

| Cost Assumptions | | | | | |
|---------------------------------|-------------|---|----------------------------|---------|------------------|
| Expenses | | Effecting Variables on Expenses | | | |
| Product expenses | | | | | |
| Payment Processing (Braintree) | | | | | |
| Per Transaction | \$ 0.30 | | | | |
| Percentage Cost | 2.9% | | | | |
| Server expenses | \$ 1,631.07 | | | | |
| API expenses | | Every 100000 increase in users increase server cost by \$600 | | | |
| New Users (Cost in first month) | \$ 0.060000 | Variables for Server expenses | | 100000 | 600 |
| Every User (Cost per month) | \$ 0.000600 | | | | |
| Engineering | | Engineering | | | |
| Salaries | | New Engineer for every \$1000000 increase in revenue | | | |
| Developer 1 | \$ 7,000 | Variable | | 1000000 | |
| Developer 2 | \$ 5,000 | For instances of an desired increase in development, add 0 developers, starting in month 18 | | | |
| Developer 3 | \$ 5,000 | Variables | | 0 | 18 |
| Developer 4 | \$ 5,000 | For instances of an desired increase in development, add 0 developers, starting in month 22 | | | |
| Additional Developers | \$ 5,000 | Variables | | 0 | 22 |
| Payroll Taxes: | | | | | |
| Developer 1 | 10.00% | Bonuses for Engineers | \$ per month add to Salary | | Every # of month |
| Developer 2 | 10.00% | Developer 1 | | 500 | 12 |
| Developer 3 | 10.00% | Developer 2 | | 500 | 12 |
| Developer 4 | 10.00% | Developer 3 | | 500 | 12 |
| Additional Developers | 10.00% | Developer 4 | | 500 | 12 |
| Employee benefits | | Additional Developers | | 400 | 12 |
| Developer 1 | 15.00% | | | | |
| Developer 2 | 15.00% | | | | |
| Developer 3 | 15.00% | | | | |
| Developer 4 | 15.00% | | | | |
| Other Benefits | \$ - | | | | |

Table 11 Cost Assumptions for Business Model

There are a series of marketing and support individuals outlined below who are key to the success of an online reputation business. Any cells that are labeled empty are just locations where additional hires could be added if desired.

| Graphic Design | | Graphic Design | | |
|--------------------------------------|-------------|--|----------------------------|------------------|
| Salaries: | | Additional designers for every \$2000000 increase in revenue | | |
| Lead designer | \$ 5,000 | Variable | 2000000 | |
| Additional designers | \$ 5,000 | | | |
| Taxes: | | Add 1 designers in month 21 | | |
| Lead designer | 10.00% | Variable | 21 | 1 |
| Additional designers | 5% | | | |
| Benefits: | | Bonuses for Graphic Designers | \$ per month add to Salary | Every # of month |
| Lead Designer | 15.00% | Lead Designer | 500 | 15 |
| Additional Designers | 6% | | | |
| Marketing/Support | | Marketing/Support | | |
| Salaries: | | Add a(n) CMO in month 25 | | |
| CMO | \$ 6,000.00 | Variable | 25 | |
| Affiliate Marketing Hire | \$ 3,000.00 | Add a(n) Affiliate Marketing Hire in month 16 | | |
| SEO Director | \$ 3,200.00 | Variable | 16 | |
| Growth Hacker | \$ 3,200.00 | Add a(n) SEO Director in month 20 | | |
| Lead Gen Hire | \$ 3,200.00 | Variable | 20 | |
| Content Director | \$ 3,300.00 | Add a(n) Growth Hacker in month 24 | | |
| Paid Acquisition Manager | \$ 3,500.00 | Variable | 24 | |
| Empty | \$ - | Add a(n) Lead Gen Hire in month 22 | | |
| Empty | \$ - | Variable | 22 | |
| Empty | \$ - | Add a(n) Content Director in month 16 | | |
| Empty | \$ - | Variable | 16 | |
| Support guy | \$ 2,500.00 | Add a(n) Paid Acquisition Manager in month 18 | | |
| Additional Support Employees | \$ 2,500.00 | Variable | 18 | |
| Taxes: | | Add a(n) Empty in month 13 | | |
| CMO | 10% | Variable | 13 | |
| Affiliate Marketing Hire | 10% | Add a(n) Empty in month 17 | | |
| SEO Director | 10% | Variable | 17 | |
| Growth Hacker | 10% | Add a(n) Empty in month 13 | | |
| Lead Gen Hire | 10% | Variable | 13 | |
| Content Director | 10% | Add a(n) Empty in month 13 | | |
| Paid Acquisition Manager | 10% | Variable | 13 | |
| Empty | 10% | Additional Support for every 450000 new users | | |
| Empty | 10% | Variable | 450000 | |
| Empty | 10% | Bonuses | \$ per month add to Salary | Every # of month |
| Empty | 10% | CMO | 500 | 12 |
| Support guy | 10% | Affiliate Marketing Hire | 450 | 12 |
| Additional Support Employees | 10% | SEO Director | 400 | 12 |
| Benefits: | | Growth Hacker | 350 | 12 |
| CMO | 15% | Lead Gen Hire | 300 | 12 |
| Affiliate Marketing Hire | 15% | Content Director | 300 | 12 |
| SEO Director | 15% | Paid Acquisition Manager | 300 | 12 |
| Growth Hacker | 15% | Empty | 300 | 12 |
| Lead Gen Hire | 15% | Empty | 0 | 12 |
| Content Director | 15% | Empty | 0 | 12 |
| Paid Acquisition Manager | 15% | Empty | 0 | 12 |
| Empty | 15% | Support guy | 200 | 12 |
| Empty | 15% | Additional Support Employees | 200 | 12 |
| Empty | 15% | | | |
| Empty | 15% | | | |
| Support guy | 15% | | | |
| Additional Support Employees | 15% | | | |
| Additional Marketing Expenses | | | | |
| PR Firm | \$ - | | | |
| Promotions/Materials/Design | 0.15% | | | |

Table 12 Marketing Assumptions for Business Model

From an administrative end most of the costs are associated with a monthly recurring cost. For instance bookkeeping, accounting, and payroll services are all monthly expenses. Office supplies, rent, and phone expenses represent the cost per employee per month.

| Administrative | | Administrative | | |
|---|-----------|---|----------------------------|-------------------|
| BookKeeping | \$ 650.00 | | | |
| Travel (Percent of Profits) | 0.50% | | | |
| Accounting | \$ 500.00 | Accounting increases by \$250 every 12 months | | |
| Office Supplies (Multiply by number of Employees) | \$ 40.00 | Variable | \$ 250.00 | 12 |
| Insurance (all fixed) | | | | |
| Workers comp | 0.32% | D&O Increases by \$600 for every \$500000 increase in revenue | | |
| EPL | 0.30% | Variable | 500000 | |
| D&O | \$ 600 | | | |
| Rent | \$ 200 | | | |
| Deposit \$0 for Office Space made in month 0 | \$ - | 0 | | |
| Payroll services | \$ 350.00 | Fix plus variable per employee | | |
| Subs/services | | | | |
| Product management | \$ - | | | |
| Conf calling | \$ - | | | |
| Phone | \$ 30.00 | | | |
| Administrative Salaries | | | | |
| COO | \$ 8,500 | Add Enhanced Management when we hit \$500000 in Revenue per month, or in month 13 | \$ 500,000 | 13 |
| Accounting/Control | \$ 6,000 | Add Accounting/Cont every \$1000000 increase in Rev per month, or in month 21 | \$ 1,000,000 | 21 |
| HR Representative | \$ 3,500 | Add HR Rep when we hit 50 Employees | 50 | |
| Professional Support (Legal) | \$ 1,000 | Add Pro Support every \$200000 increase in Revenue per month, or in month 13 | \$ 200,000 | 13 |
| Internal IT | \$ 3,500 | Add Internal IT for \$1250000 increase in Revenue per month, or in month 20 | \$ 1,250,000 | 20 |
| CFO | \$ 7,000 | Add CFO when we hit \$1000000 in Revenue per month, or in month 24 | \$ 1,000,000 | 24 |
| CEO | \$ 9,500 | Add a(n) CFO in month 21 | | |
| empty | \$ - | Variable | 21 | |
| Empty | \$ - | Add a(n) CEO in month 13 | | |
| Empty | \$ - | Variable | 13 | |
| Empty | \$ - | Add a(n) empty in month 18 | | |
| Empty | \$ - | Variable | 18 | |
| Empty | \$ - | Add a(n) Empty in month 13 | | |
| Empty | \$ - | Variable | 13 | |
| Administrative Taxes | | Add a(n) Empty in month 13 | | |
| COO | 10% | Variable | 13 | |
| Accounting/Control | 10% | Bonuses for Admin/Execs | \$ per month add to Salary | Every # of months |
| HR Representative | 10% | COO | 200 | 12 |
| Professional Support (Legal) | 10% | HR Representative | 200 | 12 |
| Internal IT | 10% | CFO | 200 | 12 |
| CFO | 10% | CEO | 200 | 12 |
| CEO | 10% | empty | 200 | 12 |
| Administrative Benefits | | | | |
| COO | 15% | | | |
| Accounting/Control | 15% | | | |
| HR Representative | 15% | | | |
| Professional Support (Legal) | 15% | | | |
| Internal IT | 15% | | | |
| CFO | 15% | | | |
| CEO | 15% | | | |

Table 13 Administrative Assumptions for Business Model

The desire to have a significant number of variables in the model was to allow for the ability to change almost anything in the model. While it complex, it provides the ability to decide how even hire just one additional person may affect the model. As mentioned in the business model overview there will be three different scenarios that will be looked at to determine whether or not the business model is sound. These different scenarios will each have changes to key variables, such as churn, conversion rates, and the organic traffic start. They are outlined in the following 3 tables. These assumptions have a significant impact on the model, which was why they were chosen to stress test the model.

| Basic Assumptions Most Likely Scenario | |
|--|---------|
| | |
| Subscription | |
| Free Subscribers Conversion (% of traffic) | 15% |
| Paid Subscriber Conversion (% of free subscribers) | 12% |
| Pricing | |
| 3 month | \$24.99 |
| 6 month | \$44.99 |
| 1 year | \$99.99 |
| Churn | |
| 3 month | 32% |
| 6 month | 38% |
| 1 year | 50% |
| Traffic Assumptions | |
| Organic Start | 75000 |

Table 14 Basic Assumptions Most Likely Scenario

| Basic Assumptions Conservative Scenario | |
|--|---------|
| | |
| Subscription | |
| Free Subscribers Conversion (% of traffic) | 13% |
| Paid Subscriber Conversion (% of free subscribers) | 10% |
| Pricing | |
| 3 month | \$24.99 |
| 6 month | \$44.99 |
| 1 year | \$99.99 |
| Churn | |
| 3 month | 35% |
| 6 month | 40% |
| 1 year | 55% |
| Traffic Assumptions | |
| Organic Start | 70000 |

Table 15 Basic Assumptions Conservative Scenario

| Basic Assumptions Best Case Scenario | |
|--|---------|
| | |
| Subscription | |
| Free Subscribers Conversion (% of traffic) | 16% |
| Paid Subscriber Conversion (% of free subscribers) | 13% |
| Pricing | |
| 3 month | \$24.99 |
| 6 month | \$44.99 |
| 1 year | \$99.99 |
| Churn | |
| 3 month | 30% |
| 6 month | 36% |
| 1 year | 45% |
| Traffic Assumptions | |
| Organic Start | 80000 |

Table 16 Basic Assumptions Best Case Scenario

Business Model Projections

Each of these scenarios present the business with significantly different outcomes. Given the nature of the business being fairly new, it is hard to forecast what the future of the industry will look like and the total market size for the industry. The most appropriate way to look at a business in the reputation space would be to run scenarios that provide significantly different results because there is not enough data on the industry yet to define some of the variables as being completely accurate. The outcomes of the models are as followed and are laid out in a series of tables that outline key items about the business over the next five years. Each year summarizes the stats at the end of that year.

| Business 5 Year Summary (Most Likely) | | | | | |
|---------------------------------------|--------------|--------------|--------------|---------------|---------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Customer Statistics | | | | | |
| Total Free Users | 261,075 | 630,850 | 1,252,833 | 2,430,378 | 4,531,949 |
| Total Paid Users | 22,834 | 39,009 | 69,007 | 131,869 | 252,773 |
| Financials | | | | | |
| Total Cash Revenue | \$ 1,893,000 | \$ 3,608,000 | \$ 6,245,000 | \$ 11,870,000 | \$ 21,907,000 |
| Subscription | \$ 1,893,000 | \$ 3,608,000 | \$ 6,245,000 | \$ 11,870,000 | \$ 21,907,000 |
| Total expenses | \$ 1,801,000 | \$ 2,785,000 | \$ 3,813,000 | \$ 6,332,000 | \$ 11,372,000 |
| Cost of Goods | \$ 108,000 | \$ 201,000 | \$ 346,000 | \$ 649,000 | \$ 1,188,000 |
| Payroll | \$ 864,000 | \$ 1,424,000 | \$ 1,576,000 | \$ 1,858,000 | \$ 2,358,000 |
| Operating Expense | \$ 339,000 | \$ 571,000 | \$ 635,000 | \$ 792,000 | \$ 1,087,000 |
| Marketing-Direct | \$ 490,000 | \$ 589,000 | \$ 1,256,000 | \$ 3,033,000 | \$ 6,739,000 |
| EBITDA (CF) | \$ 92,000 | \$ 823,000 | \$ 2,432,000 | \$ 5,538,000 | \$ 10,535,000 |
| Business Stats | | | | | |
| Employees | 21 | 23 | 24 | 30 | 38 |

Table 17 Business Most Likely 5 Year Summary

| Business 5 Year Summary (Conservative) | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Customer Statistics | | | | | |
| Total Free Users | 206,420 | 414,756 | 681,566 | 1,037,967 | 1,544,805 |
| Total Paid Users | 14,279 | 17,448 | 23,250 | 31,940 | 48,014 |
| Financials | | | | | |
| Total Cash Revenue | \$ 1,219,000 | \$ 1,695,000 | \$ 2,198,000 | \$ 3,023,000 | \$ 4,310,000 |
| Subscription | \$ 1,219,000 | \$ 1,695,000 | \$ 2,198,000 | \$ 3,023,000 | \$ 4,310,000 |
| Total expenses | \$ 1,626,000 | \$ 2,067,000 | \$ 2,261,000 | \$ 2,496,000 | \$ 3,089,000 |
| Cost of Goods | \$ 79,000 | \$ 113,000 | \$ 152,000 | \$ 212,000 | \$ 299,000 |
| Payroll | \$ 860,000 | \$ 1,390,000 | \$ 1,524,000 | \$ 1,653,000 | \$ 1,792,000 |
| Operating Expense | \$ 332,000 | \$ 545,000 | \$ 581,000 | \$ 628,000 | \$ 669,000 |
| Marketing-Direct | \$ 355,000 | \$ 18,000 | \$ 3,000 | \$ 4,000 | \$ 329,000 |
| EBITDA (CF) | \$ (407,000) | \$ (372,000) | \$ (63,000) | \$ 527,000 | \$ 1,221,000 |
| Business Stats | | | | | |
| Employees | 21 | 22 | 23 | 24 | 25 |

Table 18 Business Conservative 5 Year Summary

| Business 5 Year Summary (Best Case) | | | | | |
|-------------------------------------|--------------|--------------|--------------|---------------|---------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Customer Statistics | | | | | |
| Total Free Users | 290,577 | 746,970 | 1,604,456 | 3,327,426 | 6,492,225 |
| Total Paid Users | 27,554 | 52,685 | 103,662 | 211,080 | 419,030 |
| Financials | | | | | |
| Total Cash Revenue | \$ 2,263,000 | \$ 4,786,000 | \$ 9,252,000 | \$ 18,860,000 | \$ 36,157,000 |
| Subscription | \$ 2,263,000 | \$ 4,786,000 | \$ 9,252,000 | \$ 18,860,000 | \$ 36,157,000 |
| Total expenses | \$ 1,875,000 | \$ 3,156,000 | \$ 4,933,000 | \$ 9,280,000 | \$ 17,848,000 |
| Cost of Goods | \$ 124,000 | \$ 253,000 | \$ 484,000 | \$ 977,000 | \$ 1,868,000 |
| Payroll | \$ 867,000 | \$ 1,438,000 | \$ 1,623,000 | \$ 2,096,000 | \$ 2,837,000 |
| Operating Expense | \$ 345,000 | \$ 585,000 | \$ 680,000 | \$ 978,000 | \$ 1,434,000 |
| Marketing-Direct | \$ 539,000 | \$ 881,000 | \$ 2,146,000 | \$ 5,228,000 | \$ 11,709,000 |
| EBITDA (CF) | \$ 388,000 | \$ 1,630,000 | \$ 4,319,000 | \$ 9,580,000 | \$ 18,309,000 |
| Business Stats | | | | | |
| Employees | 21 | 23 | 26 | 35 | 46 |

Table 19 Business Best Case 5 Year Summary

Business Valuations

In order to evaluate the value of the business a discounted cash flow analysis was created for each scenario. Several different EBITDA multipliers and discount rates will be looked at in order to determine a range in which the company may be valued at. It is most like that the value will fall somewhere within the range highlighted in the light blue of each scenario. As displayed in the tables below the value of the business is heavily dependent on the variables that were previously adjusted. On the conservative side the business may be valued at just \$417,000, while on the optimistic side it could go all the way up to \$143 million. When analyzing any start up business, especially one in a newer industry, it is imperative to understand the metrics that are being used and understand how they can vary throughout time. In the online reputation space, a shift of just a couple percentage points in different variables can have a significant impact on the business model valuation.

| DCF Analysis Most Likely Scenario | | | | | |
|--|-----------------|---------------|----------------|----------------------|----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total Cash Revenue | \$ 1,893,000 | \$ 3,608,000 | \$ 6,245,000 | \$ 11,870,000 | \$ 21,907,000 |
| Operating Expenses | \$ 1,801,000 | \$ 2,785,000 | \$ 3,813,000 | \$ 6,332,000 | \$ 11,372,000 |
| EBITDA | \$ 92,000 | \$ 823,000 | \$ 2,432,000 | \$ 5,538,000 | \$ 10,535,000 |
| Less: Taxes | \$ 43,000 | \$ 370,000 | \$ 1,095,000 | \$ 2,492,000 | \$ 4,741,000 |
| Net Income | \$ 49,000 | \$ 453,000 | \$ 1,338,000 | \$ 3,046,000 | \$ 5,794,000 |
| Discount Rate | DCF NPV | | Terminal Value | 12 X EBITDA (Year 5) | |
| 20% | \$4,927,144 | | | \$ 69,528,000.00 | |
| 25% | \$4,160,396 | | | | |
| 30% | \$3,541,734 | | | | |
| 35% | \$3,037,870 | | | | |
| 40% | \$2,623,935 | | | | |
| NPV including the PV of the Terminal Value (Multiple of Year 5 EBITDA) | | | | | |
| | EBITDA Multiple | | | | |
| Discount Rate | 8 | 10 | 12 | 14 | 16 |
| 20% | \$ 67,358,894 | \$ 77,213,182 | \$ 87,067,469 | \$ 96,921,757 | \$ 106,776,044 |
| 25% | \$ 56,066,099 | \$ 64,386,890 | \$ 72,707,681 | \$ 81,028,472 | \$ 89,349,263 |
| 30% | \$ 47,059,783 | \$ 54,143,250 | \$ 61,226,718 | \$ 68,310,186 | \$ 75,393,654 |
| 35% | \$ 39,808,639 | \$ 45,884,378 | \$ 51,960,117 | \$ 58,035,857 | \$ 64,111,596 |
| 40% | \$ 33,919,127 | \$ 39,166,996 | \$ 44,414,865 | \$ 49,662,735 | \$ 54,910,604 |

Table 20 DCF Analysis of Most Likely Business Scenario

| DCF Analysis Conservative Scenario | | | | | |
|--|-----------------|--------------|----------------|----------------------|----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total Cash Revenue | \$ 1,219,000 | \$ 1,695,000 | \$ 2,198,000 | \$ 3,023,000 | \$ 4,310,000 |
| Operating Expenses | \$ 1,626,000 | \$ 2,067,000 | \$ 2,261,000 | \$ 2,496,000 | \$ 3,089,000 |
| EBITDA | \$ (407,000) | \$ (372,000) | \$ (63,000) | \$ 527,000 | \$ 1,221,000 |
| Less: Taxes | \$ - | \$ - | \$ - | \$ - | \$ 408,000 |
| Net Income | \$ (407,000) | \$ (372,000) | \$ (63,000) | \$ 527,000 | \$ 814,000 |
| Discount Rate | DCF NPV | | Terminal Value | 12 X EBITDA (Year 5) | |
| 20% | (\$52,683) | | | \$ 9,768,000.00 | |
| 25% | (\$113,345) | | | | |
| 30% | (\$158,120) | | | | |
| 35% | (\$191,007) | | | | |
| 40% | (\$214,936) | | | | |
| NPV including the PV of the Terminal Value (Multiple of Year 5 EBITDA) | | | | | |
| | EBITDA Multiple | | | | |
| Discount Rate | 8 | 10 | 12 | 14 | 16 |
| 20% | \$ 3,504,079 | \$ 3,398,714 | \$ 3,293,349 | \$ 3,187,984 | \$ 3,082,618 |
| 25% | \$ 2,294,016 | \$ 2,067,325 | \$ 1,840,635 | \$ 1,613,944 | \$ 1,387,254 |
| 30% | \$ 1,365,850 | \$ 1,049,611 | \$ 733,372 | \$ 417,133 | \$ 100,894 |
| 35% | \$ 650,343 | \$ 268,330 | \$ (113,683) | \$ (495,697) | \$ (877,710) |
| 40% | \$ 96,717 | \$ (333,156) | \$ (763,029) | \$ (1,192,901) | \$ (1,622,774) |

Table 21 DCF Analysis of Conservative Business Scenario

| DCF Analysis Best Case Scenario | | | | | |
|--|-----------------|----------------|----------------|----------------------|----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total Cash Revenue | \$ 2,263,000 | \$ 4,786,000 | \$ 9,252,000 | \$ 18,860,000 | \$ 36,157,000 |
| Operating Expenses | \$ 1,875,000 | \$ 3,156,000 | \$ 4,933,000 | \$ 9,280,000 | \$ 17,848,000 |
| EBITDA | \$ 388,000 | \$ 1,630,000 | \$ 4,319,000 | \$ 9,580,000 | \$ 18,309,000 |
| Less: Taxes | \$ 174,000 | \$ 733,000 | \$ 1,944,000 | \$ 4,311,000 | \$ 8,239,000 |
| Net Income | \$ 213,000 | \$ 896,000 | \$ 2,376,000 | \$ 5,269,000 | \$ 10,070,000 |
| Discount Rate | DCF NPV | | Terminal Value | 12 X EBITDA (Year 5) | |
| 20% | \$8,762,621 | | | \$ 120,840,000.00 | |
| 25% | \$7,418,272 | | | | |
| 30% | \$6,332,466 | | | | |
| 35% | \$5,447,191 | | | | |
| 40% | \$4,719,099 | | | | |
| NPV including the PV of the Terminal Value (Multiple of Year 5 EBITDA) | | | | | |
| | EBITDA Multiple | | | | |
| Discount Rate | 8 | 10 | 12 | 14 | 16 |
| 20% | \$ 118,663,853 | \$ 136,189,095 | \$ 153,714,336 | \$ 171,239,578 | \$ 188,764,820 |
| 25% | \$ 98,943,027 | \$ 113,779,571 | \$ 128,616,115 | \$ 143,452,659 | \$ 158,289,203 |
| 30% | \$ 83,205,450 | \$ 95,870,381 | \$ 108,535,312 | \$ 121,200,243 | \$ 133,865,174 |
| 35% | \$ 70,526,480 | \$ 81,420,862 | \$ 92,315,244 | \$ 103,209,626 | \$ 114,104,008 |
| 40% | \$ 60,221,105 | \$ 69,659,303 | \$ 79,097,500 | \$ 88,535,697 | \$ 97,973,894 |

Table 22 DCF Analysis of Best Case Business Scenario

Chapter 7

Conclusion and Implications

Implications and Improvements

Within the A/B test and the business model there were various implications that could significantly affect the findings of this thesis. The first of which being the sample size of the A/B test as discussed before. In addition, not knowing how customers made the decision to purchase a plan for a certain length of time could have an effect on the optimal price for each type of plan because when prices are changed they may react differently. It is also not ideal that some customers in the sample size may still be on their subscriptions, and therefore it is unknown what the true average lifetime value of the customer is for each type of plan. Another implication for the A/B test was the small amount of price changes that were used. Since there were only four different groups the equations used to estimate the line of best fit were based on just a few variables, which probably affected the R squared value so that it appeared to be higher.

The main implication of the business model is that the reputation space is a fairly new market. While search engine optimization has been around for some time, there weren't many companies until the last decade or so that started up in the industry. With limited data on market size and consumer variables such as churn and renewal rates, estimating the value of the business leads to a large variance of outcomes. The business model also assumes that some customers may come from around the globe. Finding information on the worldwide market for the reputation space is currently somewhat difficult.

To improve on the thesis, the first step would be to expand the A/B test and run it with a larger base of consumers. Or even a second test of similar size could be run in order to do comparison and add some additional points to the demand graphs. The test may also be set up different by eliminating the 6 month plan and see how customers react. If the resources permitted and there would be a large enough

sample size, the ideal test would be to take a portfolio of prices and change just one of the subscription prices in that portfolio. For instance the 3-month subscription option would have three different prices but the yearly and 6 month plans stay constant. When these prices are displayed to a random selection of customers it could then be tested whether or not the level of time commitment to a subscription is influenced by changes of price level in different subscriptions. Ultimately, the goal is to find the ideal price point in which a firm in the reputation space can maximize profits while providing a useful resource to their customers that is still affordable.

Conclusions

In conclusion the online reputation industry was born to help individuals and businesses improve their online presence and leave a lasting impression on customers, employers, friends and others who find them on the internet. The industry continues to grow and change every day as more people see the value in using it to help obtain a career, learn more about possible job candidates, and attract new customers. The findings within this thesis show that a business trying to attract young professionals who would be looking to change their online presence given normal circumstances will want to charge about \$8.33 per month for services. This is assuming that they offer a service that is not labor intensive and can be done by the customer using software. There are a large portion of individuals in the industry willing to pay thousands, but given there are various circumstances that are unique per individual it is hard to estimate what the average value is for a customer interested in work that may require more labor from the business.

The model shows that there is clearly room to profit off of entry into the industry. The major concern for looking at the model is understanding where the market could grow to. It is certainly possible that almost every young professional will want to use an online reputation at some point in their career, however the industry is still young enough that not every individual is aware of the importance an online

reputation can have when looking for a job. Any business in the industry should certainly monitor similar competitors and the growth of customers over the next five years. Globally the industry may expand significantly, as many companies now are not just working with individuals one on one. Some companies are expanding operations to work with businesses and providing branding to an entire team of employees so that it helps maximize revenue for that business, which can come from having a positive online image whenever an individual may search the name of someone within the company. A large factor in the industry is also how search engines will choose to react too many of these companies. Companies like Google are always changing algorithms in order to provide users with the best and most reliable use of searching the web. Some changes to the algorithms may affect how individuals can optimize their online presence.

The online reputation industry will continue to see growth in the years to come. It will be interesting to see how businesses will continue to change their methods of hiring to shift more to utilizing the internet. Similarly young professionals will continue to find value in improving their online presence if they know that it could have an effect on their job search. More than likely the value of a young professionals online presence will continue to rise in the years to come and many more businesses will form as they see opportunity in the industry to capture a piece of the quickly growing online reputation market.

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ACADEMIC VITA

Alec Galanti

Education

The Pennsylvania State University, Schreyer Honors College

Smeal College of Business: Bachelor of Science, Finance

College of the Liberal Arts: Bachelor of Science, Economics

University Park, PA

Expected Graduation: May 2015

Business Experience

BrandYourself

New York, NY/University Park, PA

Director of Finance and Analytics

May 2013-Present

- Build and update business models to show financial projections
- Develop graphs and data charts using analytical software including Google Analytics and RJ Metrics
- Use data outputs and model projections to help CEO and VP of Product make business decisions
- Coordinate with developers and administrators on proper data analysis methods
- Plan and implement online marketing strategies with marketing team
- Improve sales and service strategies through analysis of consumer trends and spending habits
- Compile weekly and monthly analytic and financial reports
- Worked closely with brokers and managers to develop a human resource department for company
- Analyzed company revenue and assisted in company growth to 50+ employees

University Directories

University Park, PA

Brand Representative

Aug. 2012-Nov. 2012

- Provided customer service and demonstrated product to hundreds of students and business owners
- Executed grassroots and social media campaign to increase awareness of the AroundCampus website/app

Sales Representative Intern

May 2012-Aug. 2012

- Sold advertising for the student planner and AroundCampus website/mobile app to local businesses
- Completed the week long *Sales Academy Foundation* in Chapel Hill, NC and learned how to handle objections, discover a customer's needs, and close contracts
- Executed over twenty sales calls a day through fifty-hour work weeks
- Contributed to one of the largest one-week goal rushes in company history of over \$29,000

Bimbo Bakeries

Williamsport, PA

Merchandiser

Nov. 2010-July 2011

- Gained customer service skills through interaction with clients and working with store managers

Activities/Organizations

NAHB (National Association of Home Builders) Chapter

University Park, Pa

Treasurer

May 2013-Present

- Transact business through a school account and enforce university and club policies
- Maintain financial records for the organization and collect dues from members

Chief Financial Officer and Estimator (For Residential Construction Competition)

Sept. 2012-Present

- Research and provide a market and financial analysis for a residential construction opportunity
- Work with students from multiple disciplines in order to create a pitch for investors
- Placed in the top 20% of teams for the 2013 NAHB competition in Las Vegas

Innoblue (An Interdisciplinary Entrepreneurship Group)

University Park, Pa

Member

August 2012-Present

- Working with students in other majors to help develop their ideas and learn from their experiences
- Attending workshops to enhance knowledge of code writing, web/app design, and other tech skills

Schreyer Honors College Consulting Group

University Park, Pa

Financial Consulting Member

Jan. 2013-May 2014

- Enhancing financial skills by developing solutions to real world scenarios
- Developing multidisciplinary consulting skills through case studies

Honors/Recognitions

- | | |
|---|----------------------------|
| ▪ Schreyer Honors Academic Excellence Scholarship | <i>August 2011-Present</i> |
| ▪ National Elk's Scholar | <i>August 2011-Present</i> |

Skills

Proficient with RJ Metrics, Excel, Word, PowerPoint, Movie Maker, RS Means Online, and Photos