

Business Acquisition Series (BAS): Part 6

Business Product: SN Valuation

Business Idea: Back in 2007, the founder, Sung Nam, was laid off from his first job, as the company downsized by 40%. As a result, he began to place minimal trust in job security and started to develop the website focusing on equities, real estate and fixed income products. The entire research process was formed from scratch and after a 3 year development period, the site is publishing 1 new update on U.S. equities, Korean equities, fixed income, real estate, market/economy news and business acquisition series. The site is aimed at providing analytical investment research across the different asset classes and targeted for novice investors, as many of the household financial media may be too broad for the investor to understand the practical subtlety of each news bit. Through the research, the founder and analysts and interns desire to implement real, hard money investments. In the long-term, the founder would like to develop the operations into a small investment/acquisition firm.

Demographic/client base: Novice investors

Google Search Result for Competitors: Tons. Seeking Alpha, blogosphere, established institutional research firms

Product/service highlight: Updated weekly, research reports for each of the 6 topics will be made available on the website. Typically 1 page overview of certain investment ideas, concepts and news.

Distribution/Operations: Hours of research utilizing a number of websites such as SEC filings, investment blogs/forums, stock screeners, Excel financial models, sell side research reports. It is a time consuming task which requires experience in valuation and comfort writing financial related reports. The reports are uploaded to a website building program and basic website coding knowledge is required. The possibilities are endless. One quick step we could take is creating firm awareness by publishing reports in Seeking Alpha under the value investing community.

Financing: None. Only costs \$100 to develop.

Ownership burden: The biggest factor of this venture. Unless the acquirer is interested in writing reports, there is no incentive for the owner to purchase the site. The owner will be spending at least 10 hours a week updating the site.

Economically feasible?: Yes, bare bones cost of around \$50/year.

Per Unit Spread: N/A

Valuation: Difficult to value in monetary terms with the low traffic volume (1,000 unique visitors in 3 years) and zero intangible asset value of the financial models and research.

Marketable?: No, SN Valuation is closely linked to the founder of the site, so the site will not be marketable, unless a proprietary research process, financial model or intangible asset is sold in association with the firm name and website.

Prototype: N/A

Conclusion: This site will be deemed worthless to potential acquirers unless 1) actual investments are made under the SNValuation name, 2) a proprietary process is developed.