

Moving up the value chain as a marketplace: *Lessons learned*

DMA Conference (June 2024)

With you today



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(SaaS, Mobile Apps,
Marketplaces)

Agenda

1. Flippa introduction	2. Legacy issues	3. Investment in advisory	4. Monetizing non-core revenue streams
1. What is Flippa?	1. The journey to up-market	1. Our marketplace metrics: MPV, GMV, ATV 2. The difference between 'customer support' & advisory 4. Teething issues...so far.. 5. The results...so far...	1. Leveraging our data 2. Stable revenue streams

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What is Flippa?

#1 Marketplace in the world for buying and selling online businesses

Founder

You are a founder of an online business.

\$5 to \$100,000,000

X

Buyer

You are an acquirer of an online business.

Private investor to Private Equity

Connecting these parties through tech and advisory



Flippa.

What is Flippa?

#1 Marketplace in the world for buying and selling online businesses

450,000
businesses sold

2.5M
registered
buyers

67% of our
deals are
cross-border

20,000 new
buyers sign up
every month

Flippa.

Agenda

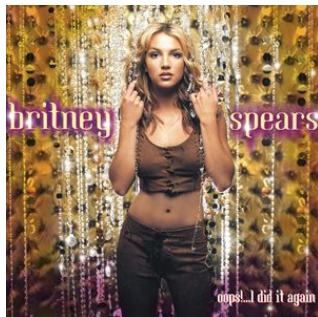
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In the beginning...Pre 2000, early 2000's

Domains,
websites, \$5,000
to \$50,000

=

Self-service
with light touch customer support



Flippa.

Online businesses pop up...late 2000's, early 2010's

Domains,
websites
\$5,000 to \$50,000

=

Self-service
with light tough customer support

Blogs, e-comm,
apps
\$100,000 to \$500,000

=

Self-service
with high tough customer support



Side hustle boom, COVID, E-Comm, SaaS...late 2010's to now

Domains,
websites
\$5,000 to \$50,000

=

Self-service
with light tough customer support

Blogs, e-comm,
apps
\$50,000 to \$500,000

=

Self-service
with high tough customer support

SaaS, e-comm,
apps
\$500,000 to \$100M

=

Advisory
Curated M&A Advisory

Our legacy and its impact

- Our sellers did not believe that Flippa could facilitate the trade of larger businesses
- Our sellers did not think we were experts in the lower-middle market
- Our sellers thought that listing their business on our marketplace would negatively impact the perceived quality.



- Our buyers never thought to use Flippa for larger deals
- Sophisticated buyers were never attracted to our platform
- Flippa was perceived as self-service and no advisor or broker was available to facilitate a more sophisticated transaction



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Basic marketplace metrics

MPV

GMV

STR

ATV

Interactive question

Curious to hear other people's metrics? They can be generic or specific

Our key focus

MPV

GMV

STR

ATV

Advisory

+

Tech

The difference between an advisor and a customer support representative

Expert
knowledge
with valuation,
financials and
deal structures

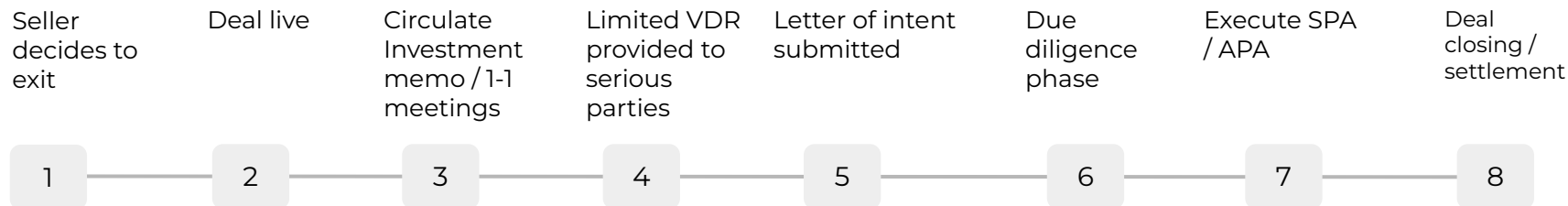
M&A
Transaction
Experience

Takes
accountability
and ownership

Qualifies the
best qualified
interested
parties

The M&A timeline

Key phases and stages of an M&A transaction (sell-side point of view)



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The time, cost and touchpoints are far greater (with less volume), but the bet is that the STR will increase, the ATV will increase

Teething issues...

#1

Time:

From A-Z, the time it takes for an M&A deal to close can range from 3 months to 12 months

#2

Volume vs Quality:

Marketplaces rely on liquidity and high volume. It has been hard for us to find the optimal number of deals to handle

#3

Business model:

Traditional M&A boutiques charge retainers (for many reasons). As we aim to win market share, we do not want to that

Teething issues...Managing them

#1

Time:

From A-Z, the time it takes for an M&A deal to close can

#1

Time:

Leverage our tech. AI matching, Legaltech, API integrations

#2

Volume vs Quality:

Marketplaces rely on liquidity and high volume. It has been

#2

Volume vs Quality:

Touch subject, but we are becoming ruthless in our prioritisation. You essentially have to qualify for our advisory service now

#3

Business model:

Traditional M&A boutiques charge retainers (for many

#3

Business model:

Still working on it...

The results so far...

#1

ATV:

I cannot reveal the specific number, but our ATV has doubled since Jan 2023

#2

STR:

It was 17% at the start of 2023, now it is 30%

#3

MPV:

4 x BDM's (Sebastien is one of them) who have brought on an incremental increase of 15% MPV in 6 months

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Interactive question

What is your most important asset?

Interactive question

What is your most important asset?

For us, we feel it is data.

Key points of data...

#1

Business quality score:

For our algorithm, it calculates from 0 to 1 the quality of a business in comparing against data of other businesses on our platform

#2

Market multiples:

In the private sector, there is no ability for price discovery in M&A. We did 14,000+ M&A transactions in 2023

#3

API:

Our numerous connections allow for privileged data ingestion, Shopify, Amazon, chartmogul, Stripe, Zendesk, Google Analytics

Interactive question

Do you prioritise some revenue streams over others?

As a company, we need more predictable revenue...

#1

Buyer subscriptions:

Premium access to our best deals for buyers who pay a fee. They get 21 days to review the business before it goes 'public'

#2

Flippa Pay:

Internalise the money transfer / escrow process to improve our bottom line

#3

?

Open to hear other people's views 🗨️🗨️

Questions for the audience?



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Flippa.

#1 Marketplace to Buy & Sell Online Businesses