

## Top Deal: Tech Media By And For The People



<https://www.startengine.com/hackernoon>

### **Key Deal Stats:**

- Raising Platform: StartEngine
- Pre-money valuation: \$6.4M
- Raise Type: Title III Funding Round
- Security: Common Stock
- At the time of publication, November 19th, Hacker Noon had raised \$628K of a \$1.07M Max Goal.

*The Hacker Noon team has been selected as a “Top Deal” by KingsCrowd. This distinction is reserved for deals selected into the top 10% of our deal diligence funnel. If you have questions regarding our deal diligence and selection methodology, please reach out to [hello@kingscrowd.com](mailto:hello@kingscrowd.com).*

*Check out our discussion with CEO & COO David & Linh Smook that was conducted as part of our due diligence process [HERE](#).*

## **Hacker Noon**

Blogs are an ever-present feature of the internet, with blogs about every topic imaginable. But, with websites like Wordpress facilitating the ease of website launching, blogs are becoming less about high quality publications and more a question of how to optimize monetization of blog content.

Rather than heavily vet each publication, websites are now focusing their attention on volume, pushing out unoriginal and uninspiring clickbait articles that peddle a repetitive narrative.

Hacker Noon addresses this issue by hosting a tech blog with uncensored stories and opinions by tech professionals with first-hand experiences. The company publishes around 20 stories a day, discussing a wide variety of tech-related topics. Just today, topics ranged from the deployment of machine learning and trading algorithms in pricing cryptocurrencies to an overview of dynamic models and simulations.

## **Business Model**

Their revenue comes from sponsors rather than traditional advertisements. Tech companies like Amazon's Bot Division and educational sites like Edx and Full Stack Academy sponsor Hacker Noon to promote their businesses through advertisements that read like billboards: present and clear, but non-intrusive and minimalistic. This model seems to be a recipe for success for a few reasons.

Sponsors have enough incentive to invest in sponsorship packages on Hacker Noon. Especially on a website exclusively dedicated to one subject

matter with a self-selecting user base, traditional personalized advertisements are unnecessary and may be less effective than sponsorships, who are able to tailor their content toward an entire demographic without an issue.

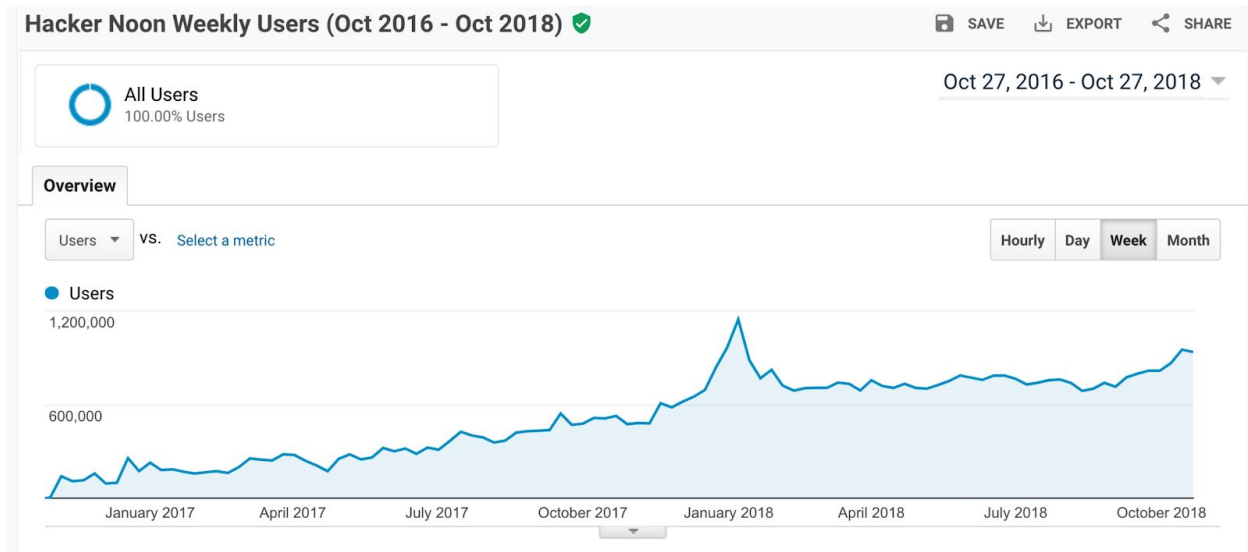
Even more, since companies that sponsor Hacker Noon are usually tech-related, sponsors can express what they intend on saying without any misleading clickbait titles. Advertisements on the other hand are often unrelated to subject matter and often detract from the advertiser's credibility and brand trustworthiness.

This model is also beneficial for Hacker Noon, since intrusive advertisements can also lessen the website's credibility and weaken the readers' experience when on Hacker Noon.

Since Hacker Noon's brand is more about individuals with a genuine interest and passion in technology, traditional advertisements are inferior to the current model with sponsorship. Even more, sponsors are much more reliable sources of income than short-term advertisements, and Hacker Noon has achieved a 52% renewal rate among its sponsors. Not only is Hacker Noon maintaining a steady revenue stream, but the company is clearly offering value to its sponsors, hence the high renewal rate.

## **Performance**

Since the company's inception in January, 2016, Hacker Noon has been steadily growing. Weekly website viewership grew from 100K in October 2016 to about 1M in October 2018. Between the period of May 2018 - July 2018, the company was visited 43 million times, 20.5 million of which were by unique visitors. Compared to its competitors, Hacker Noon is more effective at viewership retention as well, with the average unique visitor visiting twice and with a bounce rate of 55.7%.



These statistics suggest that visitors are not only finding Hacker Noon's website organically, but also that new visitors tend to stay for longer and are less likely to close the website at first glance. This is a testament to Hacker Noon's success at developing quality content, and the viability of their business concept.

## Product Roadmap

So far, Hacker Noon is hosted on Medium, a publishing platform. However, in mid July, Medium began banning third party ads on its partner websites to try and raise website content. While Hacker Noon has similar goals, their third party sponsorships were included in the ban, and Hacker Noon's revenues decreased dramatically.

To remedy this the company is working on a few initiatives to create new revenue streams. They currently host the Hacker Noon podcast and are continuing to build out a job board. These products are both very closely related to the company's central message of passion for technology, and are also synergistic with the current website viewer base.

Naturally, individuals who are already on a website dedicated to current events in the tech world are key ideal candidates for any companies hoping to hire ambitious young talent.

Hacker Noon's job board is also promising considering the website's viewer demographics. In comparison to internet averages, Hacker Noon's viewers tend to be between the ages of 18-34, with a college degree, and with a more affluent background. These are prime candidates for tech companies, since this demographic is generally more responsive to new opportunities in the tech world and have the educational background necessary for high level work. The job board already has a few participating companies, and can be expected to grow as viewership continues to increase.

But, while other revenue streams like its new podcast and job board show promise, a large part of the organization's income comes from its sponsorships. With Medium's restrictions on third party advertisements, Hacker Noon is hoping to create its own content management system with the funds raised from this round.

The company has already pre-sold sponsorships for 2019, meaning that there is a reliable demand for Hacker Noon's sponsorship packages, and that the expensive capital expenditure related to building their own website has a basis for creation.

The company also hopes to redesign its content generation process moving forward. This involves adding features for three different kinds of contributors to the website. Just like on any other forum, anyone can submit stories for publication after an editorial review process, and if a writer proves themselves capable of consistently writing quality articles, they can become a verified writer.

Verified writers are writers with a proven area of expertise, and can publish stories automatically without review. There will also be community editors

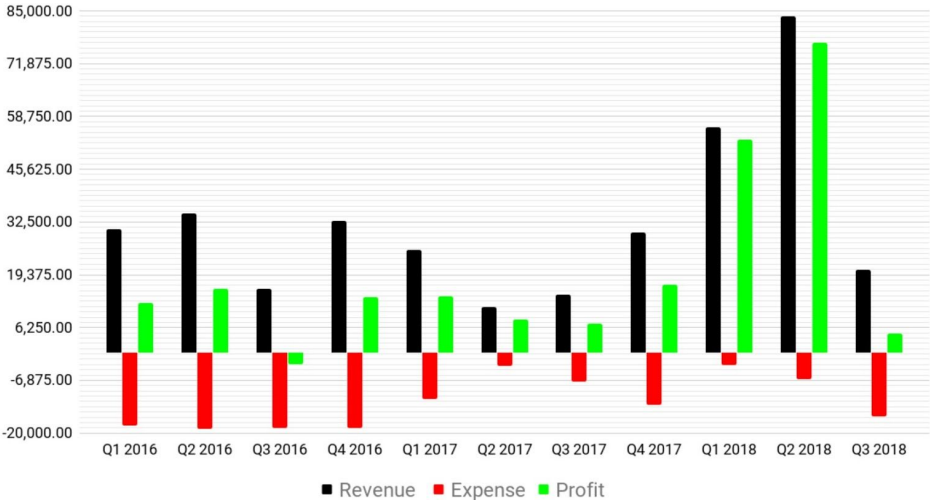
who are responsible for curating entire pages, and can choose to edit or distribute stories that are related to their field of expertise.

Consistent quality content generation is necessary for any publication that hopes to grow. In Hacker Noon’s case, where viewership is definitely growing, this content generation process needs to be properly developed to lessen the load on management, and allow the community to have a natural checks and balances process.

### Financials

Hacker Noon is currently valued at \$6.4M, with no prior raises or loan history. They have a record of healthy cash flows and positive profits since it’s conception. While its initial P/L was less stable, its revenue growth from Q2 2017 to Q2 2018 is significant and steady, which seems to correlate well with its viewership growth.

Though the drop in profit in Q3 2018 may seem daunting, a large part of its revenue cut may be attributed to Medium’s ban of third parties.



### The Recommendation: Top Deal

Hacker Noon is a Top Deal. This recommendation is informed by the following reasons.

## **1. Strong Business Model**

Hacker Noon has a strong business model. The sponsorship packages that Hacker Noon has built into its business has the potential to establish recurring revenues with minimal impact to user experience. By finding a way to generate revenues whilst still keeping advertisements relevant to viewer interests, Hacker Noon is able to foster a quality user experience, while simultaneously maintaining healthy revenues.

The site's content and viewer demographics, being industry-specific, well educated, and youthful, are also high value targets for tech companies looking for increased awareness as well as exposure, which further justifies the value that Hacker Noon claims to access through its sponsorship packages.

With a system that not only takes care of its viewers, but also provides clear benefits to sponsors, Hacker Noon's business model does show significant upside potential in the next few years.

Its performance so far tangibly supports the plausibility of its business and demonstrates that the model can operate under the increased pressure from higher viewership.

## **2. Consistent Growth**

Another key factor in Hacker Noon's promise is the consistent growth that the site has shown. Viewership is ultimately the most important factor in the success or failure of the company. A higher number of viewers enables

Hacker Noon to hike its sponsorship package prices, since the number of exposures that a company gets from sponsoring Hacker Noon increases.

Hacker Noon also benefits from the network effects of more viewers. When more people join Hacker Noon's platform, it is highly likely that a proportion of these visitors are also willing and able to become writers. Since each writer comes with a unique set of experiences and fields of expertise, more writers should also correlate with a larger diversity of topics that appeal to a wider audience.

This process of visitors and writers adding value to the site attracts a larger viewership in a cyclical manner, which is likely to have been a large factor in the company's growth in the past few years.

Also, with a more sustainable content generation process, Hacker Noon's management can increasingly focus less on supervision, and work exclusively on strategic and directional challenges.

### **3. Clear and Promising Roadmap**

Though Hacker Noon's historicals are all normal and healthy, the company's most encouraging indicator is its plan for future growth. Hacker Noon's roadmap is very well detailed and reasonable. It's recognized a few problems with the current business, and presented potential solutions to each problem

First and foremost, they discussed their reliance on external content management systems, and have indicated that starting their own site is one of their most pressing priorities. This seems to be one of the primary reasons of this round of funding, and the exigence for this project is clear.

By managing its own content, Hacker Noon can once again access its sponsors and regain the revenue that was lost between Q2 - Q3 of 2018. It



can also be much more flexible with how it manages the website, which should be a significant advantage in the upcoming years when it needs to manage more and more users.

Hacker Noon's other revenue streams under development are also very promising. While the benefits it can raise from the podcast are clear and immediate, its job board has more potential in the long run.

Especially considering its viewer demographic's high value to companies, tech firms, large or small, are likely be interested in posting job openings to Hacker Noon, and with more development and marketing, Hacker Noon can be sure to derive much value from this job board idea.

***Hacker Noon has already shown an ability to scale and reach millions of people. This type of user traction and product market fit drives our confidence that this is a really exciting investment opportunity.***

***We'd be remiss if we didn't also recognize the management team's ability to grow this into one of the top media sites currently online with nearly no outside capital to date versus similar websites.***

Media Sites/Blogs/Platforms	Global Alexa Rank (as of Oct, 2018)	Amount Raised (Proxy for Valuation)*
<a href="http://mashable.com">mashable.com</a>	1,376	\$46,000,000.00
<a href="http://bustle.com">bustle.com</a>	1,499	\$50,500,000.00
<a href="http://fool.com">fool.com</a>	1,950	\$25,700,000.00
<a href="http://Thrillist.com">Thrillist.com</a>	2,082	\$54,000,000.00
<a href="http://Edmodo.com">Edmodo.com</a>	2,162	\$77,500,000.00
<a href="http://Euronews.com">Euronews.com</a>	2,271	\$30,000,000.00
<a href="http://Complex.com">Complex.com</a>	3,074	\$60,533,695.00
<a href="http://barstoolsports.com">barstoolsports.com</a>	4,322	\$15,000,000.00
<a href="http://ProductHunt.com">ProductHunt.com</a>	4,418	\$7,500,000
<a href="http://axios.com">axios.com</a>	4,490	\$30,000,000.00
<a href="http://Cheezburger.com">Cheezburger.com</a>	4,596	\$41,739,591.00
<a href="http://salon.com">salon.com</a>	4,772	\$32,720,379.00
<a href="http://LiveMint.com">LiveMint.com</a>	4,924	\$28,000,000.00
<a href="http://HackerNoon.com">HackerNoon.com</a>	5,443	\$1,070,000**
<a href="http://venturebeat.com">venturebeat.com</a>	5,857	\$3,598,474.00
<a href="http://theblaze.com">theblaze.com</a>	6,388	\$6,400,000.00
<a href="http://scoopwhoop.com">scoopwhoop.com</a>	6607	\$5,170,846.00
<a href="http://moviepilot.de">moviepilot.de</a>	6,788	\$7,000,000.00
<a href="http://theodysseyonline.com">theodysseyonline.com</a>	6,826	\$33,450,000.00
<a href="http://Topix.com">Topix.com</a>	6836	\$20,000,000.00

***This is a testament to management's ability to build a capital efficient and highly scalable business that will be very attractive to many of these media outlets in the years to come.***

***We think Hacker Noon can be a very interesting acquisition opportunity down the road. Medium already tried to acquire them, and we think this team will only continue to garner interest and provide a healthy exit to investors.***

***For these reasons Hacker Noon is a Top Deal, and one of the best currently available for investment. Be sure to invest [HERE](#) before it is too late.***