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# Learning Corporate Finance

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Executive Summary

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<http://finance.oilinsights.net>

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This document serves as our calling card. It broadly defines a concept and an execution plan to convert it to commercial reality. Please keep the shared material private and confidential. All rights reserved by Jawwad Ahmed Farid.

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**For more details please see**

[The Learning Corporate Finance home](#)

[Quantcast Profile](#)

[SEM Rush Profile](#)

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## Who are we?

Learning Corporate Finance is an online warehouse of free and paid courses on financial analysis, financial projections, credit analysis and corporate finance aimed at small business owners, business school students and computational finance specialists. We help teach specific niche topics to customers through a combination of free online courses, adobe pdf files and downloadable excel examples. While the online courses are free, the pdf files and excel examples need to be purchased. Content is generally priced within a sub-10 dollar range (micro transactions) with more specialized topics and examples being sold at a premium. In addition to content sales we also supplement income by Google AdSense advertising for high paying keywords and have plans to introduce a lead generation segment for online education and online MBA sponsors.

## What are we selling? For how much?

Free online courses that attract customers to our site of which a small percentage buy pdf files and solved excel examples and templates. Pdf and excel downloads are priced from US\$1.99 to US\$49.99 between the price of a morning coffee cup and a good lunch. Our competition starts at 37 dollars and goes all the way up to US\$ 499.

## What do our customers look like?

Our customers are individuals with specific information or learning needs. For instance:

- a) A business school student looking for solved excel example that shows him how to price an option using binomial trees or the Black Scholes equation.
- b) A small business owner evaluating his eligibility for a line of credit at a local bank and improving his chances for approval.
- c) An applicant to business school or an admitted business school student looking to read up on finance to help him hit the ground running when he starts school or as preparation for his admission interview.
- d) A job applicant to a consulting or banking position who need to brush up on a key financial topic before his interview.
- e) A quantitative analyst trying to solve a difficult computational finance problem looking for a solved excel example or template.

## What is the primary pain of our customers?

Pain	Application
Time	The desire to understand or learn a financial topic or component in a rush.
Expertise	The ability to understand a concept at an expert level so that he or she is in a position to explain it to others in layman terms with examples and be perceived as an expert.

The more rushed a customer, the higher the conversion rate as a buyer.

## How are the customers segmented?

While there are many ways of dissecting customer segments (business school students, business school applicants, investment banking and consulting candidates, finance professionals, quants), our initial customer segmentation is driven by how customers use our product. At a functional level there are only two primary classes of customers (which can be further dissected as above)

**Learners** – Use the product primarily to learn something

**Referrer** – Use the product primarily to look up information

## Learners – Motivation for buying

Motivation	Application
<b>Desire for self improvement</b>	Personal satisfaction, growth and development
<b>Performance oriented pressure</b>	Need to get a job done or interview for a job
<b>Competition oriented pressure</b>	Need to outperform a benchmark in school, at an interview or at work
<b>Gain confidence in decision making</b>	Need temporary consulting advice or an expert opinion
<b>Need to get well versed in the “language of business”</b>	Master terminology or notation

This segment is generally willing to pay for learning and will buy a pdf file or an excel example

## Referrers – Motivation for purchase

Motivation	Application
<b>Ease of use, availability, reliability as a reference</b>	Look up information, identify additional sources or data points.
<b>Choice between structured or unstructured learning</b>	Browse and seek mode. Not sure what is needed but will know when he or she sees it.
<b>Choice between online and offline reference</b>	Need reading material for a flight or trip
Practical illustration of a concept through a solved example or excel file	Understand the core concept but having difficult implementing it or need a reference example to cross check work

This segment is generally not willing to pay for reference, but may pay for an excel example.

The same person can be a learner and a referrer. However as explained above, from a revenue generation perspective a “Learner” is a more attractive customer than a “Referrer”. In an ideal situation a Referrer would use the product a number of times and then start using it as a learning tool.

On a different front, unlike learners, with the relevant display of ads, referrers have a higher click through rate on site based advertising (including AdSense and lead generation sponsors)

## Our competition and market structure

Our primary competition are businesses focused on Business School graduate and undergraduate students who are going through the pain of the recruitment process or the fatigue of learning finance for the very first time (especially if you come from a non-consulting, non-banking background). This list include companies that rely on online, textbook or physical media as a fulfillment channel and include Wallstreet Prep, Zoologic, BreakintoWallstreet, DealMaven, Training the Street, Analyst Exchange and FinancialModelTraining.com

At a broader level the competitive market structure includes businesses that use one of the following four models. Learning Corporate Finance (our business) is a model three business.

### Model One - Traditional content generation: Publishers, Universities, Academics & Periodicals

Entities at this level serve as the fountainhead of content and enjoy a stranglehold over copyrights. This includes authors, publishers, universities, professors and experts on different subjects. The power centers are universities and publishers since they control distribution as well as access.

### Model Two - The new content distribution model

Firms using this model, buy content generated by model one players, brand it and sell it to corporate customers. Compensation is in terms of significant equity stakes or in form of royalties and licensing fees. The approach is academic or content centric and assumes that the firm's relationships with corporate customers will add value to the alliance.

### Model Three - New content generation model

Firms in this model write their own content. However generating new content is expensive, is not scalable and is limited to specific subjects (accounting, finance, management or operations). Source is in house experts and writers. These were the new media firms that published self-study CD ROMS and are still using it or have moved to the internet.

All we have done with the Model three business at LCF is reduce cost of content generation, introduce SEO as the primary sales and lead generation channel and tweak marginal pricing for content in such a fashion that the online content is free and support the SEO effort while pdf and excel files needs to be purchased.

### Model Four - Aggregators

Aggregators are clearinghouses or discount distributors of content. They distribute content across all mediums (online, offline) and for all firms in all models (One - Four). The only issue is that as discount distributors, their margins are very thin and they need volume to thrive. Table 1.0 applies the above classification to existing players in the industry

Table 1.0

Category	Example	Strengths	Weaknesses
Model One Publishers & Universities	Dow Jones McGraw Hill Irwin Prentice Hall Harvard Stanford Yale Princeton Columbia MIT Chicago Duke	Existing Copyrights and content Access to authors and relationships  Very comfortable with traditional content generation and distribution	Corporate Inertia Desire to protect existing franchise  Dependent on external entities for content – Publishers on authors, Universities on Professors  Struggling with digital distribution
Model Two Alliances	Zoologic Bankers Academy	Using existing Ivy League brands to build their own  Best of both worlds. Content from Universities combined with high tech products and digital distribution	Contention in relationships with alliance partners. Limited Profitability potential. Cannot compete on price Course Conversion to digital formats is expensive
Model Three	WallStreet	Generally Niche subjects or	

Category	Example	Strengths	Weaknesses
Content Generators and Distributors	Prep Training The Street University of Phoenix	focus on handful of subjects  Very comfortable with New Media, CBT, Distance Learning & digital content because of prior experiences	Optimally positioned
Model Four Discount Distributors	Skill Soft Bankers Academy	Strategic Flexibility	Thin margins. An intermediary in an intermediary unfriendly medium

### Why us?

1. Our low cost base that allows us to generate high quality content at a competitive price compared to our competition.
2. Our free course review and trial model that allows a user to review the complete online content for free and only pay for the offline (pdf) usage and sample excel file downloads. Compared to the existing content behind subscription fee walls, the “free online, paid pdf” model has the potential to be a game changer in the industry.
3. Our proprietary content generation process based on years of training expertise that focus on adult learning through hands on examples. The process combines core concepts with illustrative examples supported by excel example downloads.
4. Using search engine optimization on long tail key words to generate traffic and leads as our primary distribution and reach mechanism and our ability to do it a cost substantially cheaper than our competition.
5. Our focus on finance and financial concepts for all students of finance not just candidates preparing for an interview (this is not an advantage within the universe of finance focused e-learning programs, just an advantage against a broad based e-learning vendor and content provider world).
6. Adding advertising and lead generation dimensions to the business model to realize higher profitability and higher returns.

In the end this is a marginal business. While it is true that teaching finance and creating financial content is difficult, given the crisis of the last two years, there is now sufficient expertise and motivation available at an individual level to build a financial training and tutoring business. Still a focus on finance remains an advantage within the broader e-education business since teaching finance and generating content for finance is still not possible for everyone and the customer base is credential sensitive.

There are two factors that build or create a pseudo competitive advantage in this space. The first is the ongoing cost of content generation (which is where we have an advantage); the second is the cost of sales and distribution (which is where the best SEO wins). Once again our ability to build and staff a dedicated SEO team at a substantially competitive cost is un-matched by a purely US or European based business. These two cost advantages couple with the above mentioned business model tweaks create a marginal advantage that over the next three years will allow us to leap frog the current competition.

## Our Strategy

The success of this business is dependent on an unending supply of high quality, low cost content and a top five position on Search Engine Results Position (SERP). The combination of the right inventory of courses and Google page one results lead to significant traffic generation which is converted to sales and leads or referred to advertising partners and sponsors.

### Advertising Sales

At a 2% click through rate and a 3 US dollar e-CPM, the current high ranking key word inventory of LCF as it stands now has a Google AdSense annual earnings potential of US\$250,000 – US\$750,000 US dollar a year. As the key word inventory, traffic, click through rates and e-CPM increase over time, the earnings potential also increases.

### Content Sales

On the content sales front a 2% sales conversion rate with an average purchased content price tag of US\$ 10 will generate between US\$100,000 to US\$600,000 annually depending on traffic levels. Improving the conversion rate or the average purchase price tag will dramatically improve these results.

If we are able to grow traffic at current rates, monthly revenues can cross the US\$25,000 rate within 12 – 15 months and the US\$100,000 per month benchmark within the first 24 months.

The strategy and roadmap for success is therefore simple. Generate content, increase key word inventory, score high on Google SERP, increase traffic and improve conversion rates. The resulting business is part content, part SEO, part advertising and part content sales. Welcome to the new media business model.

## Progress and milestones to date

Launched in late February 2010 with just a few courses, traffic and course inventory at LCF has grown to a respectable number by September 2010. Today (23 Sep 2010) the site averages about 5,600 visitors and 11,000 page views a month with the largest number of visitors coming from the US, followed by Pakistan, India, United Kingdom, Australia, Canada, Singapore, Malaysia, Hong Kong and Germany in that order.



Page views and number of visitor have steadily increased and their growth is directly proportional to the amount of new content added to the site. Over the last few months the growth rate of the site has determined the share of Google traffic that has been allocated. Number of courses available on LCF has increased to 23 with two new courses being introduced every month. Courses range from introductory finance to advance computational finance topics.



Pageviews ↓	Visitors	New Visits	Avg. Time on Page
9,448	4,265	4,205	00:02:26
8,478	3,538	3,432	00:02:41
6,042	2,443	2,405	00:02:29
4,518	1,699	1,679	00:01:40
1,609	629	613	00:02:05
1,558	448	428	00:02:38
1,140	518	508	00:01:55
282	89	89	00:02:28

In terms of SERP and SEO results the two domains that we focused on during August and September were business school students and online finance courses. Here are the SERP results as tracked by Traffic Travis for the MBA segment

Keyword	Search Engine	Current ↕
mba finance case walk through	Altavista	1
mba finance case walk through	Ask.com	1
mba finance case walk through	Google	1
b school recruitment cover letter	Altavista	1
b school recruitment cover letter	Yahoo	1
b school recruitment cover letter	MSN Live	1
first course in corporate finance	Altavista	1
first course in corporate finance	Yahoo	1
mba case walk through	Yahoo	1
mba finance case guide	Google	1
mba finance case help	Ask.com	1
first course in corporate finance	MSN Live	1
mba finance case guide	Ask.com	1
mba case walk through	Altavista	1
mba finance case guide	Yahoo	2
top ten mba application	Yahoo	2
top ten mba application	Altavista	2
b school recruitment	MSN Live	3
mba finance case guide	MSN Live	3
solved finance case	Altavista	4
solved finance case	Yahoo	4
first finance course	Altavista	4
first finance course	Yahoo	4
corporate finance course	Altavista	5
corporate finance course	Yahoo	5
mba case guide	Yahoo	5
mba case guide	Altavista	5
mba case walk through	Goole	6

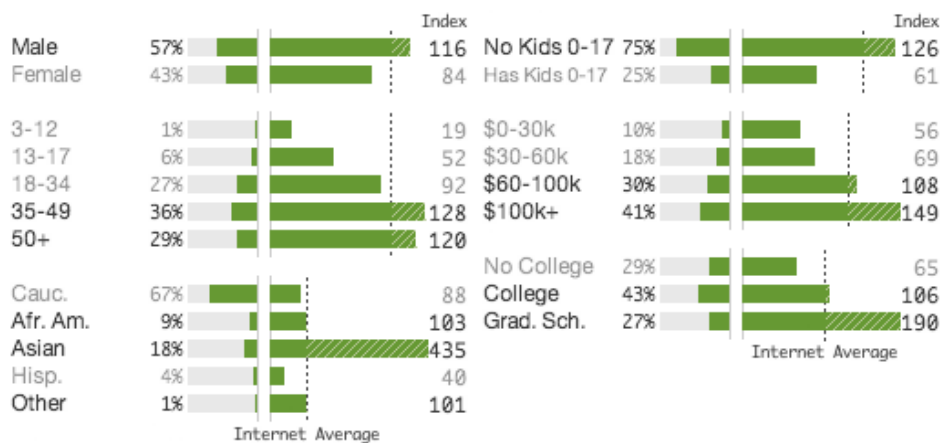
And for the online finance course segment, again tracked by Traffic Travis.

Keyword	Search Engine	Current ▾
corporate finance e-education	MSN Live	1
alm crash course	Ask.com	1
corporate finance e-education	Ask.com	1
alm crash course	Altavista	1
alm crash course	Yahoo	1
alm crash course	MSN Live	1
middle office review	MSN Live	1
corporate finance e-education	Altavista	2
corporate finance e-education	Yahoo	2
corporate finance online education	Altavista	2
pricing caps and floors	Ask.com	3
pricing caps and floors	Altavista	4
pricing caps and floors	Yahoo	4
risk management equation	Ask.com	4
corporate finance online education	MSN Live	5
corporate finance education	Yahoo	5
mc simulation	MSN Live	5
middle office audit	MSN Live	5
treasury profitability	Yahoo	5
corporate finance free courses	Yahoo	5
corporate finance cases	Altavista	5
corporate finance cases	Yahoo	5
corporate finance education	Altavista	5
financial engineering formulae	MSN Live	5
corporate finance free courses	Altavista	6
corporate finance online education	Ask.com	6
corporate finance courses	Altavista	7
corporate finance courses	Yahoo	7

The demographic profile of our US origin customers is tracked via Quantcast and is produced below

## US Demographics ?

Updated Sep 21, 2010 • Next: Sep 29, 2010 by 9AM PDT



Income represents total household income.  
100 index is internet average.

In terms of audience profile we also track a core group of customers labeled as readers. Readers review more than 8 pages in a single visit and spend more than 10 minutes reviewing content on the site. For the business to be successful it is important that this group of readers grows steadily over the next few months not just in numbers but also in the amount of time spent on the site. Readers are tracked across geographies and the most important sub-group within this community is readers originating from the US. The extract below from Google Analytics shows the growth in the general reader category as well as the US reader category over the last few months. The table below shows the growth in the reader segment (general as well as US) over the last few months.

Month <input type="button" value="None"/>	Pageviews ↓	Visitors
<b>Aug 1, 2010 - Aug 31, 2010</b>		
All Visits	9,448	4,581
Readers	3,680	344
US - Western Readers	1,855	186
<b>Sep 1, 2010 - Sep 23, 2010</b>		
All Visits	8,478	3,750
Readers	3,657	298
US - Western Readers	1,587	156
<b>Jul 1, 2010 - Jul 31, 2010</b>		
All Visits	6,042	2,612
Readers	2,751	225
US - Western Readers	1,361	131
<b>Jun 1, 2010 - Jun 30, 2010</b>		
All Visits	4,518	1,831
Readers	2,137	211
US - Western Readers	1,121	129
<b>May 1, 2010 - May 31, 2010</b>		
All Visits	1,609	697
Readers	719	54
US - Western Readers	369	34
<b>Mar 1, 2010 - Mar 31, 2010</b>		
All Visits	1,558	529
Readers	879	68
US - Western Readers	374	37

## How much do we need and what will we do with it?

We need US\$ 150,000 – US\$ 250,000 in capital and will use it to scale up (hire resources) our content and SEO team, tweak our learning delivery interface (pretty it up a bit) and spend a little money on marketing and tools. The objective is to triple the number of keywords on which we rank high on Traffic Travis and cross 100,000 visitors a month within the next 12 months.

## Technology and Learning Management Systems

We use Wordpress as our delivery platform which frees us up from 90% of technology requirements and headaches. Wordpress is a powerful open source content management platform that combined with the right plug-ins and widgets can fulfill the role of a Learning Management system (LMS). This choice allows us to completely focus on content and drive that as our competitive advantage without any distraction from the technology side. As we have said above, the winning team needs to have traffic, course inventory and sales conversion with all three factors feeding into each other. The choice of wordpress creates a powerful advantage across all three factors.

We use Google checkout as our primary payment gateway.

## Our team

### Jawwad Farid

Jawwad Farid is a serial entrepreneur, an MITEF business acceleration plan (MIT BAP) runner up, an Asia Pacific ICT Award finalist and a PASHA ICT Award Winner. He has also served as a judge at the Asia Pacific ICT Awards in Macau, Singapore and Jakarta as well as at PASHA ICT Award in 2006, 2007, 2008 and 2009 and as a mentor to startup teams at the MITEF BAP competitions in 2008 and 2009.

Jawwad is the founder and CEO of Alchemy Technologies, an enterprise risk practice that builds and deploys risk, treasury, market and credit risk platforms. He is the author of Reboot, Understanding Commodities Risk, and Risk Application and Frameworks, an actuary by profession, a computer scientist by training, and a Columbia Business School MBA. Jawwad blogs about boot strapping, failure and starting up at Startup Insights and teaches week long crash courses on entrepreneurship and risk management at the SP Jain campuses in Dubai and Singapore.

Jawwad has worked directly as a founder, mentor or advisor at multiple startups including two green field life insurance companies, multiple technology product businesses, financial services consulting operations, product focused distribution as well as micro insurance, micro pensions and micro finance startups.

### Agnes Paul

Agnes is a Fellow of the Society of Actuaries (Schaumburg, IL) and has been working as an editor for Alchemy publications for the past 2 years. She spent eleven years working as an actuary with a portfolio covering 6 million lives with more than \$3 billion in assets under management at the largest life insurance company in Pakistan. Agnes is a senior member of the content team and has a gift for explaining complex concepts in simple layman terms.

## **Uzma Salahuddin**

An architect by profession, Uzma caught the media and production bug earlier on in her career. As a member of the core team at Alchemy, Uzma ran the client services and Basel II implementation groups at Alchemy as well as an editor on PRR and the production quality owner on all Alchemy publications and online properties. Uzma is a graduate of Indus School of Art and Architecture and University College London. She worked in England for Freemantle Media before her current role at Alchemy.