

Company Valuation of Don Elon AI



<https://donelon.app/>

Introduction

In order to evaluate the current value of the company *Don Elon AI*, the potential revenue & cost streams are assessed and analysed.

Revenue & Cost Analysis

There are three potential revenue streams for the company:

1. Google Ads

Estimated at: \$1'188

2. NFT Sales

Estimated at: \$10'000

3. Character Sales

Estimated at: \$11'500

Total Expected Revenue:

\$22'688

Further on, there are the following costs which need to be considered:

1. IT & Maintenance Costs

Estimated at: \$15

2. Marketing Costs

Estimated at: \$200

3. Miscellaneous Costs

Estimated at: \$300

Total Expected Costs:

\$515

Based on these numbers, a company valuation is merited of:

Company Valuation:

\$22'688

- \$515

\$22'173

In the following chapters, these revenue and cost streams are displayed in detail.

Revenue Streams

1. Google Ads

1.1. Average App Downloads

An average app is downloaded 150'000 times¹. Accounting for only iPhone (18% of the market), this comes down to:

$$downloads = 18\% \cdot 150'000 = 27'000$$

1

<https://www.statista.com/statistics/1119893/average-number-downloads-united-states-app-publishers/#:~:text=As%20of%20May%202020%2C%20apps.was%20149.26%20thousand%20per%20app.>

1.2. Total Uses

On average, the user retention rate of an app after one day is 30%, i.e. after the first day, 70% stop using the app². Assuming, that after that, every day 20% of all user stop using the app, the total number of uses of the app is calculated:

$$\begin{aligned} \text{uses} / \text{user} \cdot \text{day} : f(d) &= 0.8^d, d = \text{user} \cdot \text{day} \\ \text{total uses} / \text{user} : t(d) &= \lim_{n \rightarrow \infty} (1 + 0.3 \cdot \sum_{d=1}^n f(d)) = 1 + 0.3 \cdot 4 = 2.2 \end{aligned}$$

Assuming the previously determined amount of average app downloads of 150'000, the total amount of uses is derived:

$$\text{total uses} = 2.2 \cdot 27'000 = 59'400$$

1.3. Average Revenue per Use

Per use, the user sees at least three banner ads, and two interstitial ads. The average revenue per 1000 uses hence is estimated to be \$20³.

1.4. Expected Revenue from Google Ads

Based on the previous numbers, the total expected revenue from Google Ads may be calculated:

$$\text{Expected Revenue from Google Ads} = \frac{\$20}{1000 \text{ uses}} * 59'400 \text{ uses} = \$1'188$$

²

<https://appodeal.com/blog/tips-increase-user-retention-mobile-games/#:~:text=On%20average%2C%20user%20retention%20in.to%20get%20to%20know%20it.>

³

<https://www.is.com/interstitial-ads/#:~:text=How%20much%20do%20interstitial%20ads.from%20%244%2D%246.>

2. NFT Sales

2.1. Amounts of NFT's Sold

The goal will be to sell 100 NFT's. Let's assume, 50% of this goal is reached, hence 50 NFT's are sold.

2.2. Price per NFT

The average price of a sold NFT is roughly \$200⁴.

2.3. Expected Revenue from NFT Sales

Based on the previous numbers, the following revenue may be expected from the NFT sales:

$$\text{Expected Revenue from NFT sales} = \frac{\$200}{\text{NFT}} \cdot 50 \text{ NFT's} = \$10'000$$

3. Character Sales

3.1. Calculation

Here it gets very tricky, as there are virtually no numbers to base this analysis realistically on. However, let's try.

⁴ <https://news.artnet.com/market/think-artists-are-getting-rich-off-nfts-think-again-1962752>

3.2. Share of UHNWI Worldwide

Realistically, only ultra high net worth individuals (UHNWI) would be willing to buy a character in the game for one Bitcoin. Worldwide, there are roughly 600'000 UHNW⁵. Based on a smart phone using world population of 6'640'000'000 people⁶, this amounts in a share of UHNWI of:

$$UHNWI\ share = \frac{600'000}{6'640'000'000} = 0.009\%$$

3.3. UHNWI App Users

Given that the customer target group of the app is assumed to be rather wealthier, and that iPhone users are rather wealthier than Android users, the share of UHNWI users of the app may be assumed to be 10 times larger than the share worldwide. Assuming a factor of 10, this results in the following amount of UHNWI users of the app:

$$UHNWI\ App\ Users = 0.009\% * 5 * 27'000 = 24$$

3.3. Purchases

Here it gets more speculative. How many UHNWI may be pursued of purchasing a character? For the sake of this analysis, it is assumed that there is a 50% chance that one of them may be pursued to purchase a character,

3.3. Expected Revenue from Character Sales

Based on the previous numbers, and the current BTC price of \$23'000⁷, this results in the following expected revenue from character sales:

$$Revenue\ from\ Character\ Sales = 50\% * \$23'000 = \$11'500$$

⁵ <https://spearswms.com/global-uhnw-population-growing/>

⁶

<https://www.bankmycell.com/blog/how-many-phones-are-in-the-world#:~:text=According%20to%20Statista%2C%20the%20current,world's%20population%20owns%20a%20smartphone.>

⁷ <https://coinmarketcap.com/currencies/bitcoin/>

Costs

4. IT & Maintenance Costs

The twitter API allows a usage of 2'000'000 tweets / month for free. Also, currently, it seems as the Google hosting of the Don Elon API is negligible, at < \$1. The domain costs roughly \$14 a year to maintain. Let's sum this up to roughly \$15 all together.

5. Marketing Costs

The marketing costs are more a question of budget, instead of costs. Given that marketing is mainly conducted via social media, which would not require financial expenses, merely miscellaneous expenses of \$200 would be dedicated towards marketing.

6. Miscellaneous Costs

The costs for founding a company and other miscellaneous expenses are assessed with \$300.