

Business Analytics Capstone Framework for Strategy

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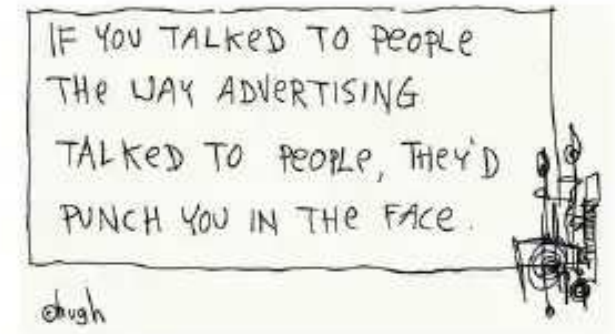
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Problem Statement

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Problem Ad-blockers present to GYF

- Consumers have been exposed to annoying ads for decades.
 - The difference today:
 - Users now have the option: block these ads—and all others
 - A loss for Advertisers, who therefore have difficulty reaching users
 - A loss for the Publishers who rely on income from Advertisers
- What the problem is not
 - It is not a problem that users block ads anymore than it is a problem that blizzards come annually. The problem is: **lack of adjusting to the new climate**
 - The problem is not human nature; the problem is how GYF has been reacting to it
- The Actual problem:
 - Advertisers and Publishers (and GYF) are not adopting **already-existing models** that *help Advertisers, Publishers, and Users thrive* in this new—and quite predictable—climate



Problem Statement

Research Methods and Tools

- Though very popular, ad blocking is still not the norm
- Therefore, GYF has a massive opportunity now. We can:
 - Help Advertisers and Publishers function as well, if not better, in this new climate than they ever have before.
 - Help our end users have the most meaningful ad experience of *any* platform.
 - This new environment will attract Advertisers, Publishers, and Users to our platform.
- This shift will take specific research strategies:
 - **Exploratory**
 - ~~On-site~~ collaboration with authors of the aforementioned [existing models](#)
 - Discover how business models like Adblock Plus and Brave function
 - Discover how these ad-blockers actually *help* Advertisers and Publishers as well as Users
 - **Descriptive**
 - Research methods to adopt these existing models, and adapt them to meet our needs
 - **Causal**
 - Use social media analytics and split (A/B) testing to research the best ways to implement into our model

Strategy

A new climate is here whether we like it or not.
At GYF, adjusting to—and thriving in—this new climate is *well* within reach

- Steps to implement the model
 - 1. Research
 - 2. Adopt
 - 3. Adapt

Strategy

Adjust to the new climate

- 1. Research the model

- Discover and understand
 - The financial models of [Brave](#) and [Eyeo](#) (Eyeo is the maker of Adblock Plus)
 - How Brave uses its own cryptocurrency (Basic Attention Token) as a solution for part of its model
- Explore
 - Operational models—and necessary departments—of these, and other such companies
 - Implications of ongoing, internal transactions between Advertisers, Users, and Publishers
 - Solutions to make those payments frictionless (e.g. with existing cryptocurrencies)

Strategy

Adjust to the new climate

- 2. Adopt the model

- Users win by controlling their information
 - Advertisers find your user data extremely valuable. Shouldn't you?
 - When adblocker is off, advertisers can purchase access to user data. Micropayments appear in user wallet
 - When adblocker is on, users algorithmically and automatically distribute micropayments to websites with which they engage
- Publishers win by getting paid *even when adblockers are on*
 - When user's adblocker is off, receive payments traditionally; from advertisers
 - When user's adblocker is on, receive micropayments from their user wallet
 - Receive larger revenue share than with traditional ad networks
- Advertisers win by being able to access user data when they want
 - Regain valuable access to the generally young/male demographic of adblocking users
 - Elevate your story-telling ability (make more effective ads)
 - Target users with more granularity
 - Deliver lighter ads that don't slow load time



Strategy

Adjust to the new climate

- 3. Adapt the model to our needs

- Adapting the model to fit GYF
 - Brave is a browser. GYF is a platform
 - GYF's strategy will not involve users making micropayments to *websites* with which they engage, but it will involve users making micropayments to *business pages*--on our social media platform--with which users engage
 - **This alone could revolutionize how businesses make money using social media.** With my strategy in place, businesses can not only make money through social media, but they can make money on social media, without users ever going shopping
- Adapting GYF to fit the model
 - Account Directors will find new, efficient ways to whitelist advertisers onto our platform
 - Account Directors will maintain intimate collaboration with industry leaders like [AcceptableAds.com](https://www.acceptableads.com/) for ongoing, careful research into consumer behavior and response

Since I've seen better work samples from Carrie Candidate, I'm inclined to hire her.

Peggy seems, at first, more pleasant to work with; but I'm not about to override the importance of work samples or the correlation they show in predicting subsequent performance.

I'm going to ask Peggy to come in for another interview to help her help me see greater reason to hire her. If Peggy Prospect doesn't impress me, I will hire Carrie.

Effects and Measurement

Effects

Given this strategy, our organization, customers, and revenue will experience changes

- Organization

- We'll position ourselves as a leader in the online advertising revolution
- Integrating Basic Attention Token (based off Ethereum), will mean soaring costs, initially
- In the future, our profits, and will be more frictionless

- Customers

- Advertisers will find our platform among the most valuable
- More accurate targeting and metrics available

- Revenue

- Initial soaring costs will take a chunk out of our profits
- Securing ourselves in a revolution that's happening with or without us will mean continued revenue well into the future

Effects

Application Exercise 3 – Designing a Deterministic Optimization Model

We're not going to spend **any money** on internal hard skills, or external soft skills training this period. Hopefully our organization has no one who needs such training. We explore below...

	A	B	C	D	E	F	G	H
1	Business Analytics Capstone							
2	Application Exercise 3							
3								
4	Net Productivity Increase (in \$ per \$ spent on training)							
5	Training	Hard Skills	Soft Skills					
6	Internal	0.2	0.6					
7	External	0.7	0.4					
8								
9	Spending Amounts (in \$ thousands)							
10	Training	Hard Skills	Soft Skills					
11	Internal	0.00	26.76					
12	External	38.24	0.00					
13								
14								
15	Total Spending Budget (in \$ thousands)	65.00	≤	65				
16	Productivity Increase in Hard	26.76	≥	20				
17	Productivity Increase in Soft	16.06	≥	12				
18	Productivity Increase Internal v. External	16.06	≥	16.06				
19								
20								

Total Net Productivity Increase
(in \$ thousands)

42.82

Maximize $.2*HI + .7*HE + .6*SI + .4*SE$
 subject to $HI + HE + SI + SE = \$65,000$
 $.2*HI + .7*HE \geq \$20,000$
 $.6*SI + .4*SE \geq \$12,000$
 $.2*HI + .6*SI \geq (.7*HE + .4*SE)$

- Outlined in red, I have our next-period yield of a dollar amount invested. \$10k invested in Internal Hard Skills will break even in 5 periods.
- In Blue, our variables. We have to decide where to spend our money (given specific constraints) for maximum yield.
- I wrote down our specific constraints algebraically,
- and expressed them here for convenience in using Solver.
- With the help of Solver, we have our maximized productivity increase for our next period

Measurement

Describe the anticipated effects of your strategy and how you will measure them

- *Please outline your plan for measuring these effects using data. Make sure you use techniques you learned about in the courses*

Viability (advertiser)

-**A/B Testing.** Split tests between traditional advertising and the new, Basic Attention Token-enabled model. All factors, including advertising budget, target demographic, ad content, will remain constant. Discover the impact our new model has on customer ROI

Viability (user)

-Identify meaningful drivers using a **causal business model** (as seen on next slide). Discover whether allowing users the ability to sell access to their web experience will result in more users on the GYF platform. (Advertisers find user information very valuable. Shouldn't users?)

Viability (publisher)

-Partner with no more than a hundred hand-picked content creators; including but not limited to bloggers, how-to sites, and ecommerce websites. Some B.A.T.-enabled, while other similar sites not B.A.T.-enabled. Via **self-reported surveys**, determine whether the frictionless B.A.T.-enabled platform is financially beneficial to publishers

Measurement

Key Drivers – Hypothesis (Application Exercise 4)

1. Ability to sell advertisers access to your web experience



2. More users on GYF's platform




3. More advertisers on GYF's platform



4. More competitive advertising environment



5. More revenue for GYF

 =will result in

If there is a causal relationship between supplying users the *ability to sell access to their web experience to advertisers* and number of *users on the platform*, then each of those two key drivers should grow at similar rates.

Conclusion

Humans have **always been presented with advertisements**. Some annoying. Some quite useful. The digital realm, by nature, has allowed users the **ability to block ads** (annoying and useful together). Thus we see, advertisers have all but destroyed themselves.

This hurts content creators, who depend on the success of advertisements for much of their income. This hurts users, who block all ads—even the ones that can help them. It seems like a losing game. The system seems broken, until you realize: **but advertisers find your information quite valuable, so...shouldn't you?**

Enter: **Basic Attention Token**. The Basic Attention Token “is a utility token based on the Ethereum technology that can...be used as a [medium of exchange] between advertisers, publishers, and users in a new, blockchain-based digital advertising...[environment]” (see www.BasicAttentionToken.com)

Ironically, success for all will come *via* an adblocker:

- When a user chooses to see all ads, users, publishers, and advertisers interact traditionally.
- When a user chooses to see only whitelisted ads, advertiser pays user for the privilege.
- When a user chooses to see no ads, user distributes balance to publisher in micropayments.

Everyone wins. All the time. **More people use GYF:** users, publishers, and advertisers.