

TECH-BASED – START-UPS – FINANCIAL MODELLING

Caselet 1: FinEdHub — Forecasting Traffic-Driven Advertising Revenue

Background

FinEdHub is a rapidly growing digital media platform dedicated to providing financial education to Indian retail investors, students, and early-career professionals. The platform publishes free articles, explainers, and short videos on personal finance, stock markets, and basic accounting concepts. All content is accessible without payment.

Currently, FinEdHub's primary source of revenue is display advertising, which is sold to advertisers on a **cost-per-thousand-impressions (CPM)** basis. Management believes traffic growth will be the main driver of revenue over the next few years.

Current Metrics (Month 0)

- Monthly unique users: **6,00,000**
- Average page views per user per month: **4.5**
- Monthly user growth rate: **6%**
- Ad fill rate (sellable impressions): **80%**
- Average CPM: **₹180**

Management Objective

The founders want to prepare a **36-month revenue forecast** to assess whether traffic growth alone can generate meaningful scale.

Student Tasks

1. Forecast monthly users and page views
2. Estimate ad impressions and advertising revenue
3. Identify the most sensitive revenue driver
4. Comment on volatility and sustainability of ad revenue

Caselet 2: FinEdHub Plus — Adding Subscription Revenue

Background

To reduce dependence on advertising, FinEdHub introduces a premium offering called

FinEdHub Plus. Subscribers receive access to advanced certification courses, live workshops, and curated investment tools.

While the core platform remains free, management expects a small percentage of highly engaged users to convert to paid plans, creating a **second revenue stream**.

Subscription Assumptions

- Conversion to paid plan: **1.8% of monthly users**
- Monthly subscription price: **₹399**
- Monthly subscriber churn: **3%**
- New subscriptions grow in line with total users

Advertising revenue continues as described in Caselet 1.

Management Objective

Evaluate how subscriptions change FinEdHub's revenue profile and whether recurring revenue improves stability.

Student Tasks

1. Forecast subscriber base over 36 months
2. Estimate monthly subscription revenue
3. Compare advertising vs subscription revenue mix
4. Assess impact on revenue predictability

Caselet 3: FinEdHub Engagement Strategy — Improving Revenue per User

Background

Although FinEdHub's user base is growing rapidly, management is concerned that **low engagement quality** may be limiting monetization potential. Internal analytics reveal that many users consume only one article per visit and exit quickly.

The content team plans to invest in deeper explainers, interactive tools, and longer-form video content to improve engagement.

Current Engagement Metrics

- Average session duration: **4.2 minutes**

- Bounce rate: **52%**
- Pages per session: **3.6**

Expected Impact of Improved Engagement

- 10% improvement in engagement leads to:
 - **12% increase in CPM**
 - **0.5% increase in subscription conversion**

Management Objective

Understand how engagement improvements translate into higher **ARPU (average revenue per user)**.

Student Tasks

1. Compute baseline ARPU
 2. Model ARPU under improved engagement assumptions
 3. Compare revenue outcomes
 4. Identify the highest-leverage engagement metric
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Caselet 4: FinEdHub Cost Structure — Break-Even Traffic Analysis

Background

As FinEdHub scales content production and platform capabilities, its fixed cost base has increased significantly. While revenues are growing, profitability remains uncertain.

Monthly Cost Structure

- Content creation & editorial team: **₹45 lakh**
- Technology & hosting: **₹18 lakh**
- Marketing & growth initiatives: **₹22 lakh**
- **Total fixed monthly costs: ₹85 lakh**

Variable costs per user are negligible.

Management Objective

Determine how much traffic is required for FinEdHub to **break even**, and whether the platform benefits from operating leverage.

Student Tasks

1. Estimate monthly revenue per user
 2. Calculate break-even users and page views
 3. Assess scalability beyond break-even
 4. Comment on risk profile of the cost structure
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Caselet 5: FinEdHub at Scale — Growth Scenarios and Strategic Valuation

Background

A large ed-tech company is evaluating a strategic investment in FinEdHub to strengthen its digital learning ecosystem. Industry transactions typically value media platforms using **revenue multiples**, which are heavily influenced by growth and the quality of monetization.

Growth Scenarios

Scenario	Monthly User Growth	ARPU Growth
Conservative	3%	2%
Base	6%	5%
Aggressive	9%	8%

Comparable platforms trade at **3x to 6x forward revenue**.

Management Objective

Estimate valuation ranges under various growth scenarios and assess the strategic attractiveness of FinEdHub.

Student Tasks

1. Forecast revenue under each scenario
 2. Estimate valuation using revenue multiples
 3. Compare outcomes across scenarios
 4. Evaluate scalability and investment appeal
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