

AdBlock Network Executive summary
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Introduction

The AdBlock Network is an Ad exchange that offers website and mobile application ads. It was created by Andre Shukri he created the AdBlock Network in a response to seeing his own ad revenue decline. He noticed that since he became a Google AdSense publisher in 2011 until today he has been making less and less ad revenue. He later found out that this ad revenue decline was because of adblock users. Adblock users if you do not know already are users who use adblock plug-ins, VPNs and proxy servers to block publisher's ads on their websites and mobile applications.

Because of this ad revenue decline he was not able to make a living off his own YouTube channel and wasn't able to make a profit from his website which he shortly ran. He realized that Google AdSense and other companies did not offer a complete and consistent solution to this problem. Therefore, he decided in March of 2014 that he was going to start the AdBlock Network in hopes of solving the adblock problem and all the other problems that exists in the online advertising industry. So far, the founder has registered the domain names, completed the basic user interface designs and has a business plan.

The problem

It is important to understand that there are many problems within the online advertising industry. The AdBlock Network hopes to solve them all so that it can become the market leader. However, the biggest problem is the ad-blocking problem; the reason why ad blocking is the biggest problem is because ad blocking prevents advertiser's ads from being viewed and clicked on and it prevents publishers from generating ad revenue. This problem has caused advertisers view ability to sharply decline and has caused publishers to lose billions in ad revenue.

Even though people have been blocking ads since 2002, since then this problem has gotten out of hand. Back then in 2002, there were only a few thousand adblock users but today in 2017, there are over 300 million desktop users who block ads, and when it comes to mobile devices there are 419 million users who block ads on their mobile devices. While the amount of adblock users seems to be a lot it does not mean this problem cannot be solved, we have come up with the perfect solution to this problem.

The solution

Now how are we going to go about solving this problem? In order to solve this problem, we must enable our publishers to lower the amount of adblock users that use their websites or mobile applications. We must ultimately get the adblock users to stop using their adblock plug-ins, VPNs and proxy servers when they use our publisher's applications. This solution will come in the form of the publisher's version of the world map.

This world map will enable publishers to monitor, appeal and ban adblock users that use their websites or mobile applications. This world map will display enough information so that the publishers can accurately determine who is an adblock user and who is not. Once the world map has gathered enough information about the publisher's application, they can then go about appealing and banning the adblock users that use their applications. When the publisher successfully lowers the amount of adblock users that use their applications the publisher will notice that their applications are generating ad revenue again and advertisers will notice that people are viewing and clicking on their ads again.

Targeted Customers

Our targeted market is made of 3 types of customers which are publishers, advertisers, and subscribers. Our first group of customers are publishers, publishers are individuals and companies that are seeking to generate ad revenue and subscription revenue from their websites and mobile applications. Publishers will join the Adblock Network because we offer them the solution to the adblock problem. Publishers ultimately want to make their websites and mobile applications profitable again.

Our second group of customers are the advertisers, advertisers are individuals and companies that are seeking to advertise their products and services on our publishers' ads. Advertisers will join the Adblock Network because we will offer them a higher advertising view ability rate. Advertisers ultimately want to gain back the advertising view ability they once had before ad blocking existed. Advertisers will also join the Adblock Network because we will offer them a better click fraud protection.

Our last group of customers are the subscribers; subscribers are only individuals who are seeking to subscribe to our publisher's websites or mobile applications. In order to subscribe the user will have to pay the publishers subscription fee in return. It will get to experience that application it subscribed to ad free. Subscribers are individuals who don't buy anything from online advertising and desire to experience a website or mobile application ad free.

Our targeted market will always be publishers, advertisers, and subscribers the reason is that we are an account-based service meaning that our accounts are geared for each type of user.

Market Size

When it comes to the size of the online advertising industry, there are more than 2 million publishers and approximately 4.5 million advertisers. While these numbers show how big online advertising has gotten since the 1990s it also shows that, millions of advertisers and publishers are affected by the ad-blocking problem. When it comes to how much revenue the industry generates, it generated 170 billion in 2016 and is expected to make 220 billion in 2019 according to various online marketing firms. While this revenue growth reflects, the great amount of confidence that the advertisers have in online advertising however, this confidence can be destroyed if the problems that exist in the industry continue to persist.

Offering

What makes the Adblock Network different from other ad exchanges is that it offers unique features for its publishers, advertisers, and subscribers. We offer our publishers a wide variety of ads to choose from, we offer them the ability to lower their adblock user usage rates. We give our publishers the ability to generate subscription revenue from both their websites and mobile applications. We offer our advertisers a higher advertising view ability rate, a wide variety of ads to advertise on, we also offer them click fraud protection. We offer our subscribers the ability to enjoy our publisher's websites and mobile applications ad free if they subscribe to a publisher's application.

When it comes to aggregated data the founder has done a lot of research online, he has read countless blogs and watch videos on YouTube. Content creators on YouTube and publishers on their blogs have complained about adblock users depriving them of ad revenue. The adblock problem even came up in a Google investor conference. There is no denying that this isn't a made up problem and that this is an actual problem that has effected content creators on YouTube and publishers. Both these groups of people want a solution to this problem so that they can go back to doing what they do best which is adding incredible content to the internet.

When it comes to intellectual property or patents there are features that are patentable in the Adblock Network. We will have to sit down with a patent lawyer and discuss how we are going to patent the Adblock Network's patentable features. These patents when approved will indeed create barriers for our competition.

Competition & Competitive Advantage

The AdBlock Network's main competitors are Google AdSense and AdMob. Its alternative competitors are PageFair, Sourcepoint, Yavli, Kribbet, Fairthead, Ad8ive, Secretmedia, AdLatch, and NeuronAd. Its competition either main or alternative fails to offer its publishers the necessary tools and features to enable them to lower the amount of adblock users that use their applications. The competitive advantage the AdBlock Network has is that it offers its publishers the best way to lower the amount of adblock users that use their applications. In addition, it offers its advertisers a higher advertising view ability rate. We will also offer regular updates and additional services to both our publishers and advertisers.

Business Model

The AdBlock Network will generate revenue by taking 50% of the total advertising revenue and by charging its publishers a \$40 monthly subscription. The reason why we're charging our publishers \$40 a month is because their account has the most services and they will always receive the most updates. When it comes to our pricing plan the publishers as I said before will pay \$40 a month, the advertisers advertising minimum campaign budget will be \$25. The minimum CPC (cost per click) will be \$0.10. The minimum RPM (Page revenue per thousand impressions) will be \$0.20. Subscribers will have to pay their publisher's subscription fee. The minimum publisher's subscription fee will be \$2.50 and the maximum will be \$99.00.

Scalability and Future services

Since the AdBlock Network will be hosted on cloud servers, it will be able to scale on demand. Meaning that the more customers join and use our services that more cloud servers will be created. The cloud server provider will be Heroku; its servers are distributed across different server farms around the globe as to maintain a 99.9% availability of the AdBlock Network. We also plan to add more services to the AdBlock Network as time goes on these new services will include better ways to find publishers web content and new ways for advertisers to reach new customers.

Management

The AdBlock Network's management team consists of Andre Shukri, Matt Thompson, and Mike Hibbert. Andre Shukri is the founder and creator of the AdBlock Network and has 6 years' worth of experience in online advertising. Matt Thompson founder of Make Reign has 12 years' worth of experience in UI Design. Mike Hibbert founder of Hibbert IT Solutions has 20 years' worth of experience in Website, Mobile Apps & software development. The founder is always open to adding new members to the management team, if the investors would like to add someone to the management team he would gladly accept them.

Responsibilities

Andre Shukri will be responsible for directing Matt Thompson and his team in designing and wire framing the AdBlock Network. After the AdBlock Network has been designed and wire framed then Mike Hibbert and his team will be responsible for coding and launching the AdBlock Network. After it has been launched Andre Shukri will be responsible for processing publishers and advertisers membership requests as well as being responsible for customer service. Future responsibilities will have to be discussed at some point with the investors and members of the team.

Required funds

Currently the AdBlock Network is a seed stage company and has not raised any funds to date. The founder is seeking to raise \$50,000 in seed capital to get the AdBlock Network started. The seed capital will be used to take the AdBlock Network from an idea to an established business ready for its next round of funding. The type of financing the founder is looking for is equity financing he is willing to give up a negotiable amount of the business in return for the seed funds. If the investors would like to finance the AdBlock Network, a different way the

founder is open to discussing different forms of financing. The seed funds will last until the next round of funding, the next round of funding the founder is seeking to raise \$825,000.

Financials

The founder expects the AdBlock Network to do very well within the first 5 years. Mainly because many publishers and advertisers want to replace the current online advertising service that the use with the AdBlock Network. These projections reflect moderate growth for the AdBlock Network, even though some people have said these projections are unrealistic mainly because they do not know what moderate growth for an ad exchange looks like. The financial projections are on pages 4 to 5.

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Publishers at start		225,000	450,000	675,000	900,000
Advertisers at start		135,000	285,000	380,000	475,000
Publisher Subscription Revenue	\$58,500,000	\$166,500,000	\$274,500,000	\$382,500,000	\$490,500,000
Total Advertising Revenue	\$181,700,000	\$278,500,000	\$345,500,000	\$485,800,000	\$574,500,000
Total Revenue	\$240,200,000	\$445,000,000	\$620,000,000	\$868,300,000	\$1,065,000,000
Direct Cost	\$0	\$0	\$0	\$0	\$0
Total Direct Cost	\$0	\$0	\$0	\$0	\$0
Gross Margin	\$240,200,000	\$445,000,000	\$620,000,000	\$868,300,000	\$1,065,000,000
Gross Margin %	100%	100%	100%	100%	100%
Operating Expenses					
Advertising Revenue for Publishers	\$90,850,000	\$139,250,000	\$172,750,000	\$242,900,000	\$287,250,000
Cloud servers	\$2,340,000	\$6,660,000	\$10,980,000	\$15,300,000	\$19,620,000
Customer service	\$549,996	\$780,000	\$880,000	\$975,000	\$1,100,000
Application development (updates)	\$375,000	\$340,000	\$355,000	\$375,000	\$385,000
Office	\$56,340	\$56,340	\$56,340	\$56,340	\$56,340
Total Operating Expenses	\$94,171,336	\$147,086,340	\$185,021,340	\$259,606,340	\$308,411,340

Operating Income	\$146,028,664	\$297,913,660	\$434,978,660	\$608,693,660	\$756,588,660
Interest Incurred	\$0	\$0	\$0	\$0	\$0
Depreciation and Amortization	\$0	\$0	\$0	\$0	\$0
Income Taxes	\$55,490,892	\$113,207,191	\$165,291,891	\$231,303,591	\$287,503,691
Total Expenses	\$149,662,228	\$260,293,531	\$350,313,231	\$490,909,931	\$595,915,031
Net Profit	\$90,537,772	\$184,706,469	\$269,686,769	\$377,390,069	\$469,084,969
Net Profit / Sales	38%	42%	43%	43%	44%

Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash	\$146,028,664	\$388,451,432	\$710,222,901	\$1,153,624,670	\$1,678,909,739
Accounts Receivable	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$146,028,664	\$388,451,432	\$710,222,901	\$1,153,624,670	\$1,678,909,739
Total Assets	\$146,028,664	\$388,451,432	\$710,222,901	\$1,153,624,670	\$1,678,909,739
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Income Taxes Payable	\$55,490,892	\$113,207,191	\$165,291,891	\$231,303,591	\$287,503,691
Prepaid Revenue	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$55,490,892	\$113,207,191	\$165,291,891	\$231,303,591	\$287,503,691
Total Liabilities	\$55,490,892	\$113,207,191	\$165,291,891	\$231,303,591	\$287,503,691
Retained Earnings		\$90,537,772	\$275,244,241	\$544,931,010	\$922,321,079
Earnings	\$90,537,772	\$184,706,469	\$269,686,769	\$377,390,069	\$469,084,969
Total Owner's Equity	\$90,537,772	\$275,244,241	\$544,931,010	\$922,321,079	\$1,391,406,048
Total Liabilities & Equity	\$146,028,664	\$388,451,432	\$710,222,901	\$1,153,624,670	\$1,678,909,739