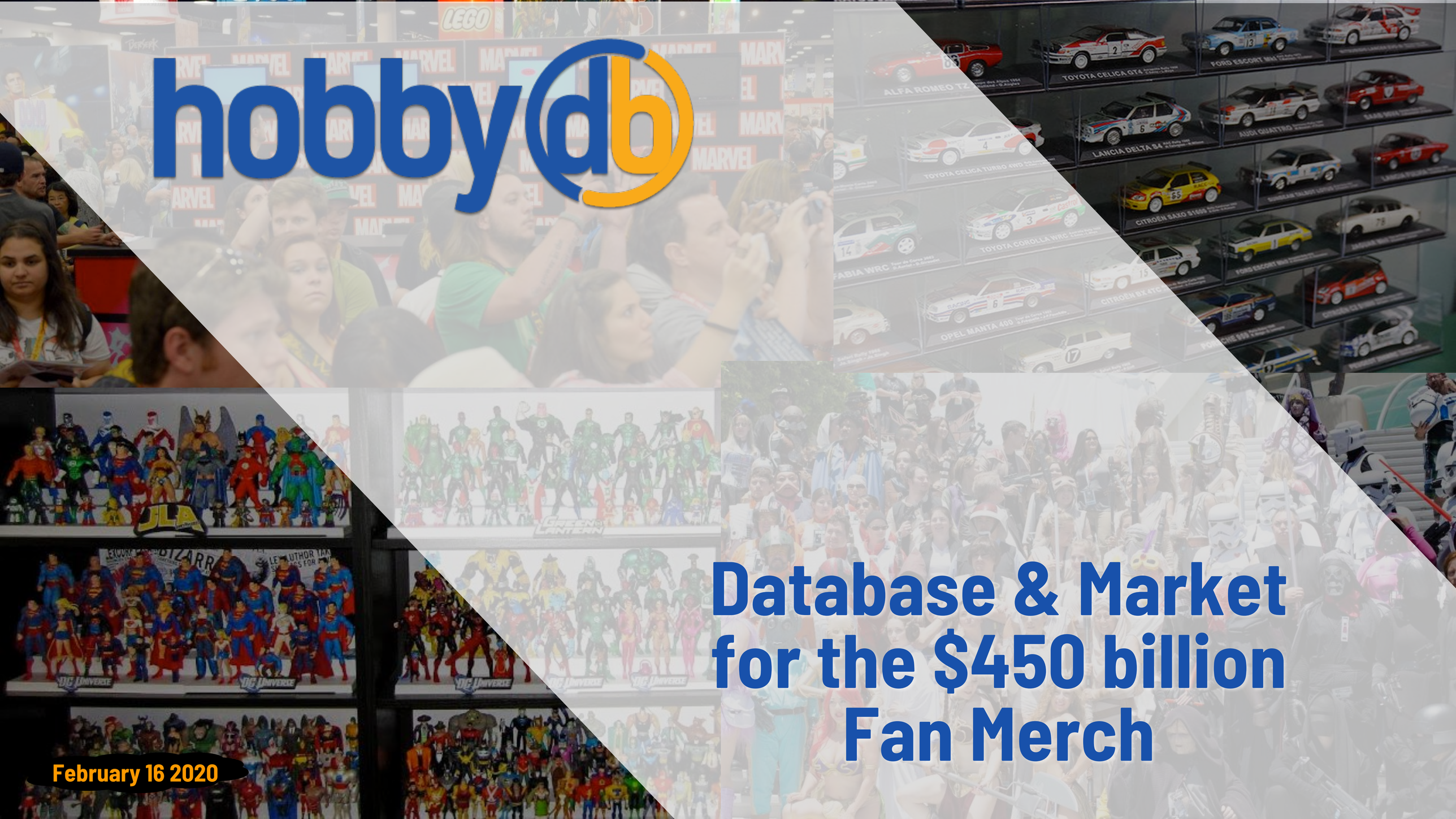


hobbydb

Database & Market for the $450 billion Fan Merch

February 16 2020

Collectible merchandise is a $450 billion industry that you don't know about

This is larger than the addressable markets for most other marketplaces, it is for example almost 3x Etsy's

	Etsy	hobbyDB
Market Cap	$5.5b	TBD
Industry Size	$155 billion[1]	$450 billion[2]
Industry Won	Craft market	Collectible / Merchandising

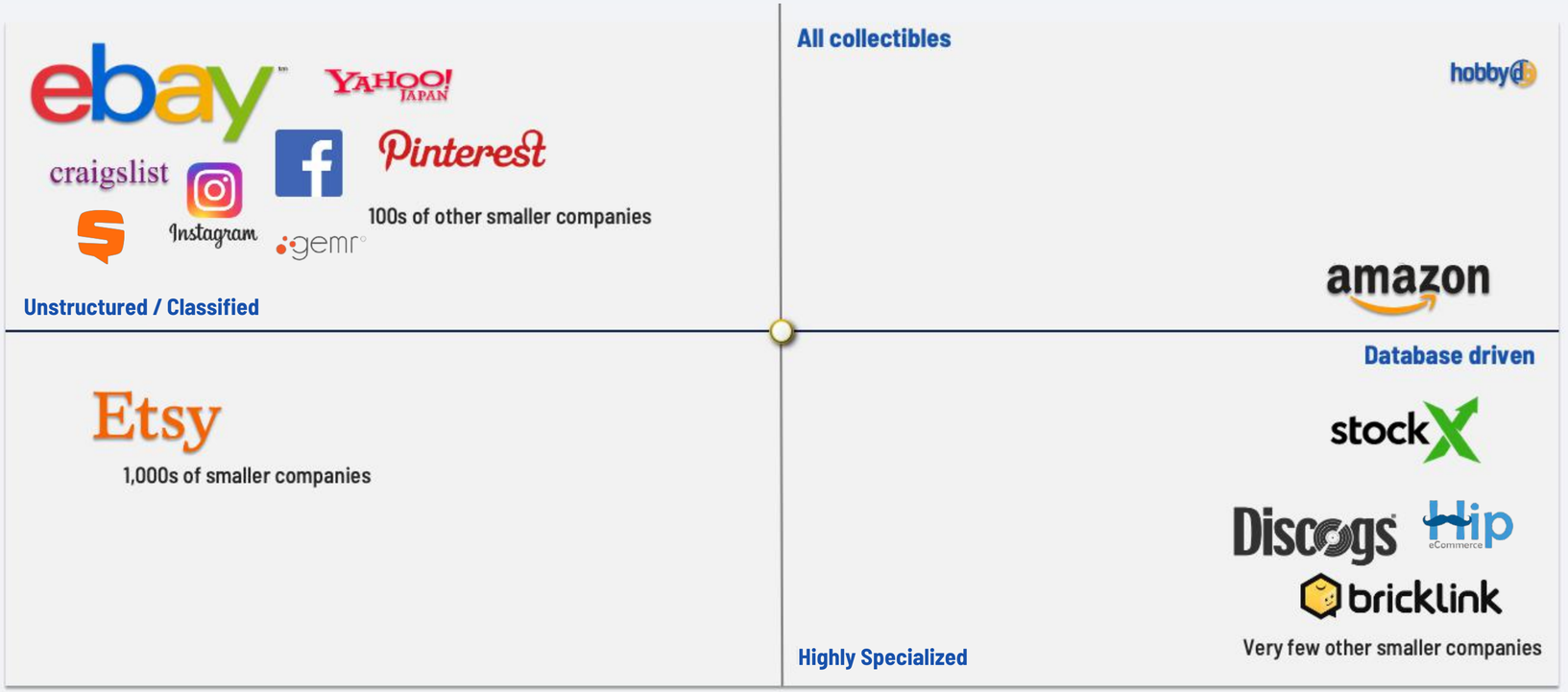
Source: 1) Forbes, 2) LIMA & hobbyDB studies

There are lots of players, but all with the wrong approach for the Fan Merch market

Amazon, eBay and Facebook are market leaders, but none have more than 5% market share[1]

The Classified format doesn't offer differentiation so only the large general players thrive

20 collector specialist sites have now closed with none left standing in the English language market



hobbyDB believes that this model can be expanded to be a Category Killer for all Fan Merch

The Specialized Database Model works

- StockX raised more than $110m at a $1+ billion valuation in June 2019
- Lego bought Bricklink in November 2019
- Discogs and Hip eCommerce are reported to be profitable

Source: 1) hobbyDB Estimates

Introducing hobbyDB, the database that powers all aspects of the fan's experience

A cross between Kelley Blue Book's database-driven price guide and Amazon's database-driven marketplace

Research / Discover

Database

Find detailed information on any kind of fan merch

Values

Price Guide

Identify and compare the value of each item in your collection

Track / Show Off

Collection Management

Load images and record data about collectibles, as well as track wish lists and showcase what you own

Buy / Sell

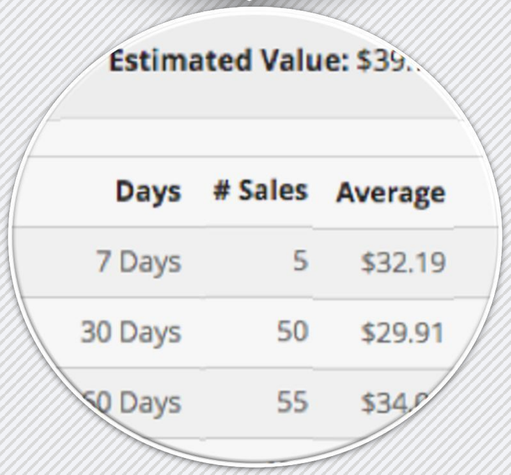
Market

Buy or sell using the database, receive alerts when items come on sale and sell with clicks

What we Don't Do

Offer Social Media

Users have lots of options and Social Media for collectors does not scale (even Facebook has more than 1,000 groups for Hot Wheels alone)

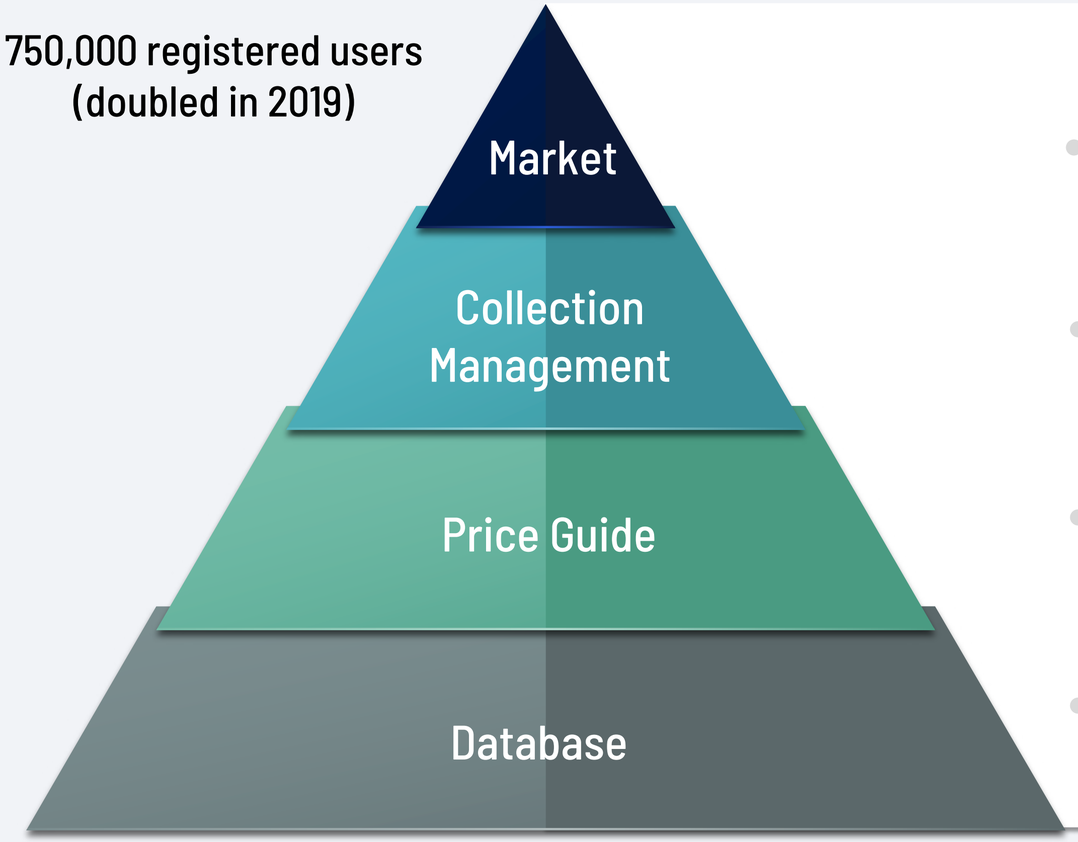


For more info see Appendix 3

And it’s working, items in our users’ collections & wish lists are worth > $1 billion

By focusing on each consequent layer of the pyramid, we laid the foundation for fast growth in 2020 and the years to come

750,000 registered users
(doubled in 2019)



4,500 Sellers offering 166,000 vSKUs*

33m collectibles in collections worth $662m & 8m wish list items worth $565m

3.84m price points

Brands and Licensors are particularly interested in trends these price points reveal

511k database entries

Sales

Eventual Inventory

Collectibles get sold in average every 7 years

The Lure

hobbyDB was / is built like a pyramid from its Database foundation up

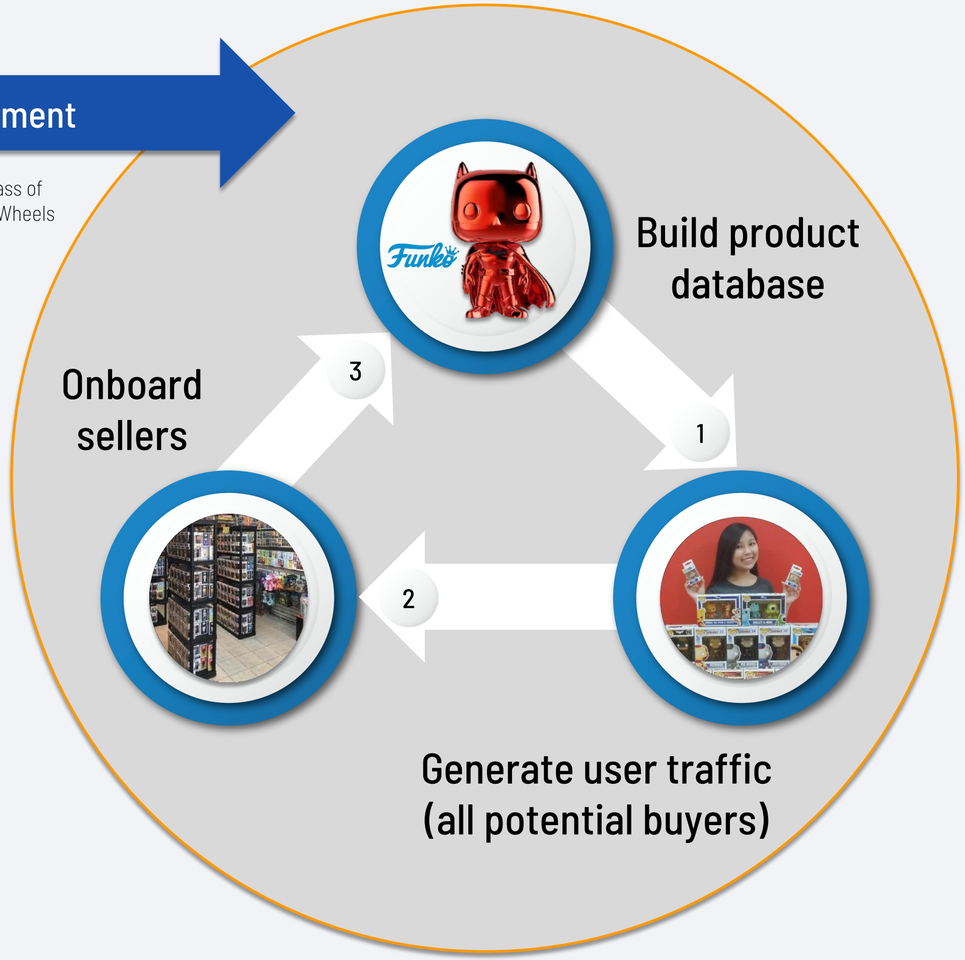
*) vSKU or Vendor SKU is a database entry that is offered for sale by a vendor. If two vendors offer this same database entry those count as two vSKUs

We build one Segment at a time

Getting to critical mass in a Segment leads to positive unit economics fast

We start with one Segment

We define Segment as a subject area that has a critical mass of collectors such as decoys, film posters, James Bond, Hot Wheels or here products made by the brand Funko*



*) Funko Inc. is an American company that manufactures licensed pop culture collectibles, best known for its licensed vinyl figurines and bobbleheads

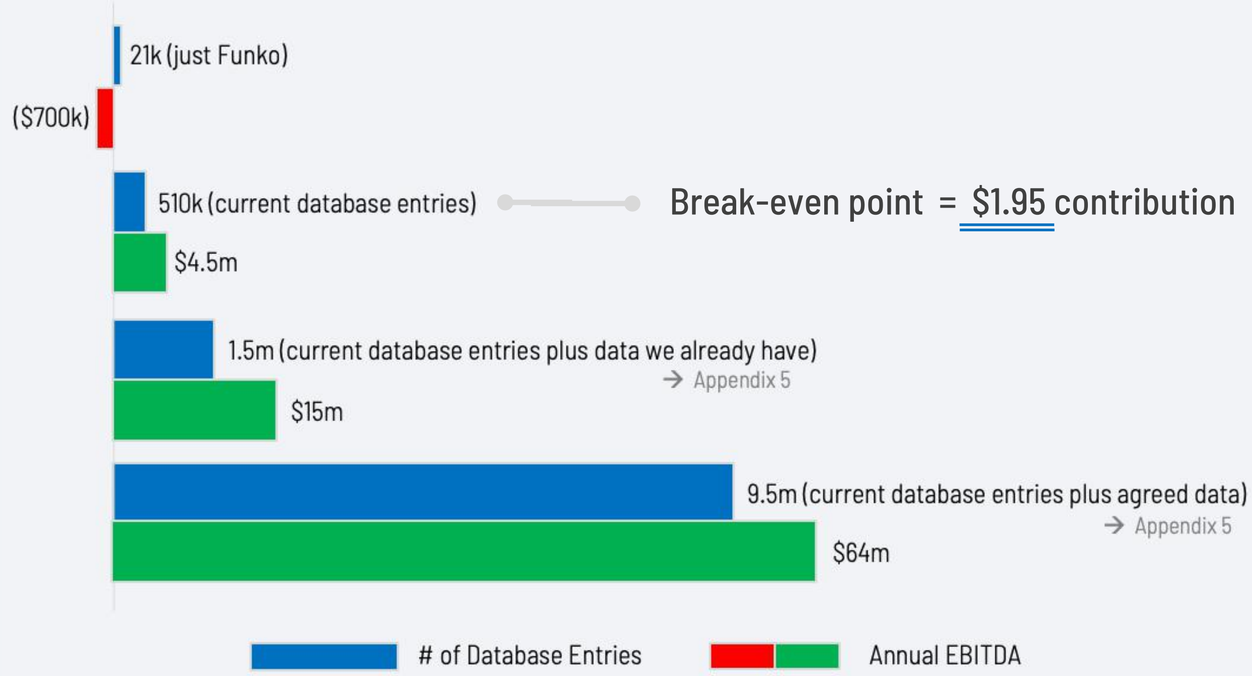
Funko is our 1st Segment with positive unit economics

At the current rate our Funko Segment already contributes $220,000 annually

Monthly P&L for Funko

Income	
Transaction & Affiliate Fees	$12,000
Advertising	$12,700
Data Sale	$6,000
	$30,700
Variable Costs	
Finance Fees	$2,900
Customer Service	$2,800
Data	$6,400
	$12,100
Monthly Contribution	$18,600
Contribution per Item per month	$0.90
Contribution per Item per year	$11

Once we earn the same contribution of $11 on our other data we would earn

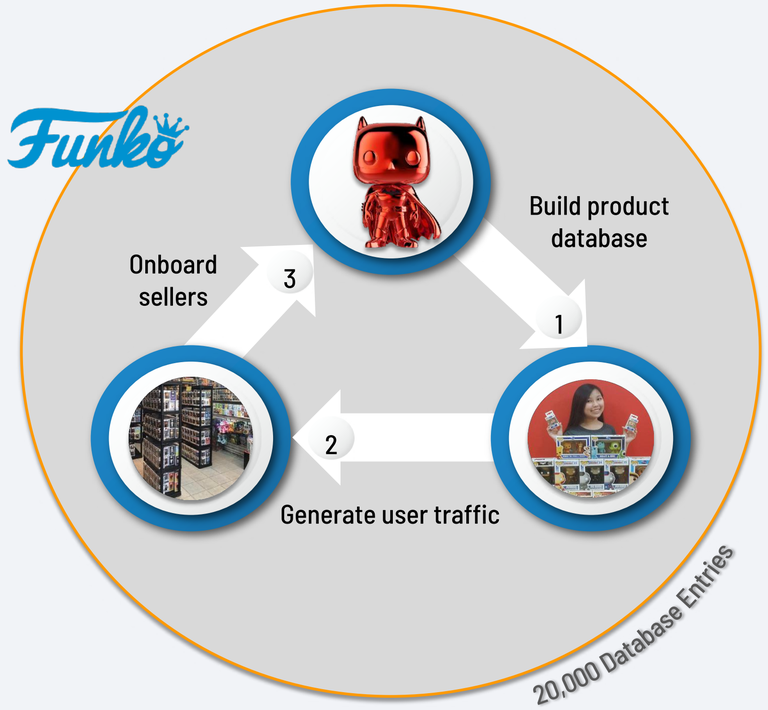


Without partners, this would take too long

We find the party with the best data, which helps us to grow faster and makes it harder for whomever comes after us

We purchased a website

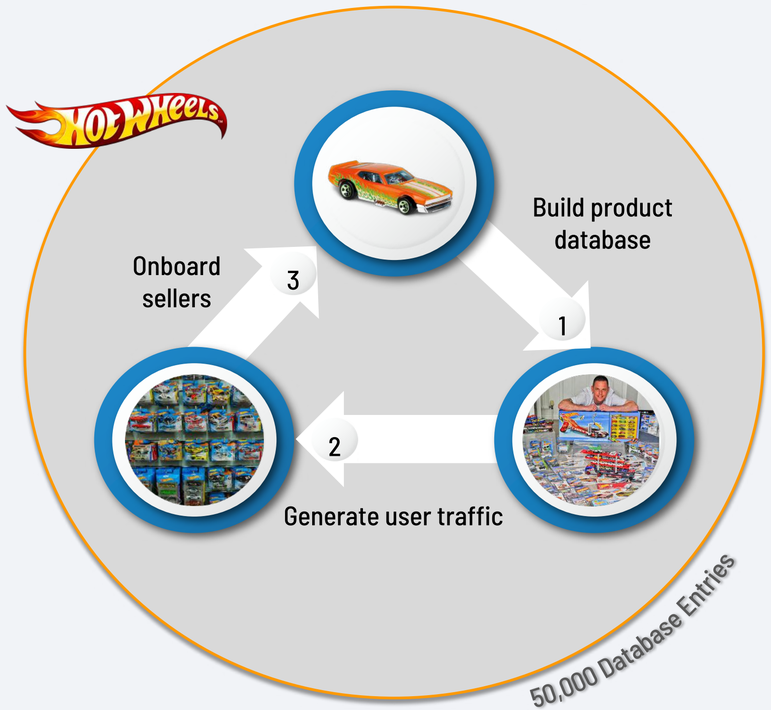
poppriceguide



We worked with a club and a seller

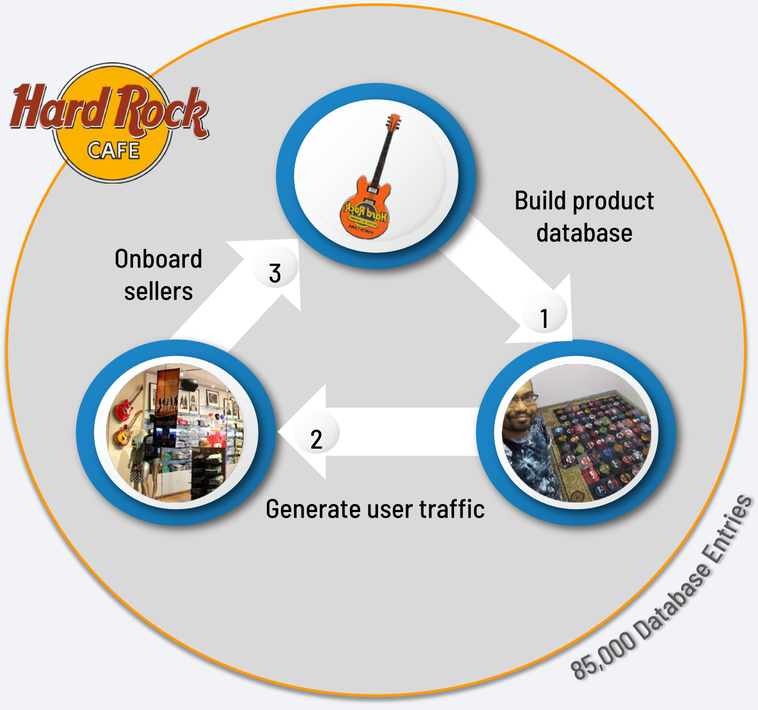
South Texas Diecast Car Collectors

KMJ Diecast
We specialize in Hot Wheels!



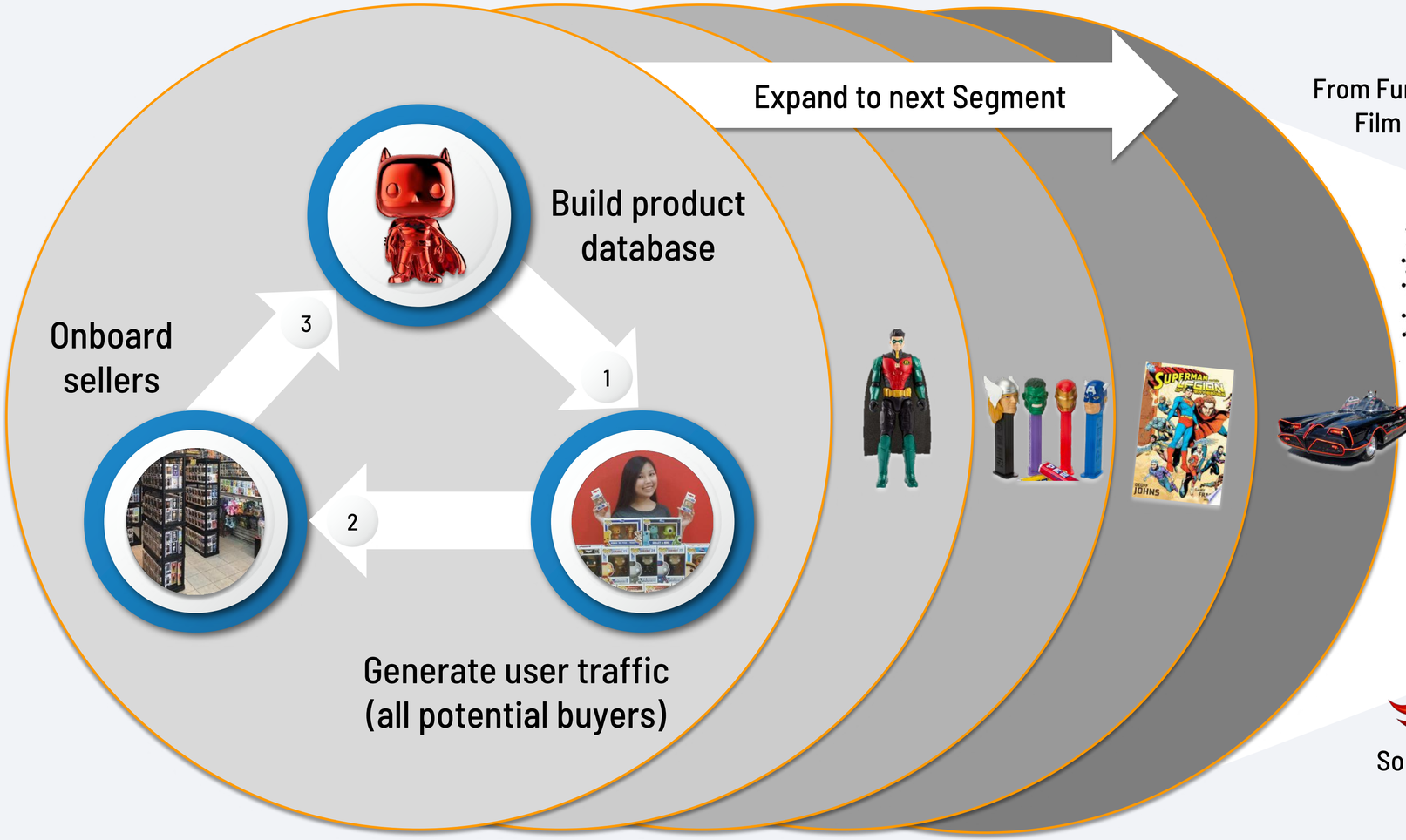
The brand provided us with data

HARD ROCK CORPORATE



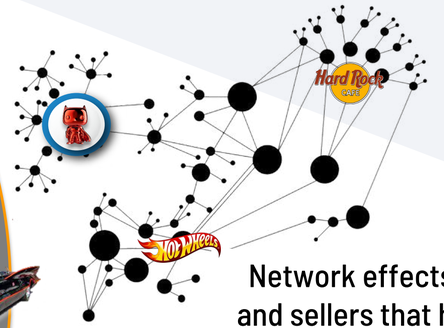
Once established we expand into Segments that have the same buyers and sellers

Each new Segment creates exponentially more network effects



Expand to next Segment

From Funko to Action Figures, Pez Dispenses, Comics and Film Cars (basically everything related to Batman)



Network effects with buyers and sellers that have interests in more than one Segment

So

Raising $0.8m now

We have done it with the Funko Segment, now it is becoming more of a “rinse & repeat” exercise

All in thousands (US$) except Average Contribution	2019 (A)	2020	2021	2022	2023	2024
		0.8m Investment				
Assumptions						
- Database Entries	450	700	1,600	3,500	10,000	30,000
- Average Contribution per Item	0.8	1.2	1.8	3.0	6.0	10.0
Contribution	354	840	2,880	10,500	60,000	300,000
- Dev & IT	338	450	600	1,500	4,000	9,000
- Data	182	200	450	1,200	1,500	3,000
- Sales & Marketing	234	320	550	800	2,000	8,000
- Overheads	243	260	500	1,000	2,000	4,000
Costs	997	1,230	2,100	4,500	9,500	24,000
EBITDA	**(643)**	**(390)**	**780**	**6,000**	**50,500**	**276,000**
- Acquisitions	0	0	500	3,000	5,000	5,000
Cash Position	**100**	**410**	**690**	**3,690**	**49,190**	**320,190**

Our average Contribution for all database entries last year was $0.80. For Funko entries it is now $11. Contribution is our only key driver

We know our cost structure and have the data / knowhow of how to import it (as you can see in Appendix 5 quantity is almost only a question of funding as it costs $0.40 to create a database entry)

Use of Funds	
- Working Capital	390
- Paying-off Debt	240
- Acquisition related costs	0
- Reserves	170
	800

Acquisitions would be for databases that also have users, collection management and maybe items for sale. We have done these before, have the necessary tools and there is a pipeline

We have the experience and passion to own this space

We ran the largest eBay business in Europe, had 2 successful community exits and are life-long fans

Christian Braun
Co-Founder / CEO

- **Built the largest seller business on eBay Europe**
- Managed 10 collector forums
- Traded toys for 30 years
- Bain & Co and GE Capital
- MBA London Business School

Alexandra Lindsay
Co-Founder / Head of Marketing

- **Built an ancestry community acquired by a top three genealogy site in 2014**
- Built global, multi-channel lead/retention campaigns at Forrester Research
- BS in Business Administration, University of Colorado

Andrew Adamides
Co-Founder / Head of Product

- **15 years entertainment and pop culture industry experience**
- Certified Scrum Product Owner
- Worked with the BBC, Channel4 and Warner Bros
- Lifelong car collector

David Parker
Head of Development

- **CTO/Co-Founder of Uvize, a veteran community acquired in 2016**
- 17 years Software Engineering experience
- Software Engineer for the U.S. Air Force
- MBA, MS Computer Science, University of Colorado

Travis Parke
Head of Operations

- **Built the customer service infrastructure for Sphero**
- Helped high-growth startups with early-stage operational processes at Techstars
- BA in Communication, University of Colorado

The company

- hobbyDB was started in 2014 and is a Delaware C-Corp based in Boulder, Colorado
- $3.5m in Angel Investments and $0.5m by management
- Our team is relatively small (5 FTEs in Dev, 3.5 Sales & Marketing, 4 in Data, 2 in Customer Service and 0.5 in G&A)

Our Office & most of the Team

To sum up

Here is why you should own some of hobbyDB

1. With relevant experience and industry knowledge, our team is uniquely positioned to dominate this unconquered, $450 billion market

2. We've built a robust, data-first foundation to underpin our product offerings, creating a high barrier to entry for competitors

3. With our success in Funko we have now proven that Segments can have attractive Unit Economics ($11 annual per Data Entry)

4. With 750,000 registered users, collections worth $660 million and a rich pipeline of data opportunities we’re now poised for monetization

Backup Slides

Our buyers

Collectors have huge collections, but the fastest growing target groups are the Enthusiast and Casual buyers

Casual

Interested and **casual** buyer

15%* of the US population

Biased to **older**

LTV: $**80**

Enthusiast

Follows certain **fandoms**

30%* of the US population

Biased to **younger**

LTV: $**420**

Collector

Completist

15%* of the US population

Mostly **male**, **35+**

LTV: $**1,092**

Source: hobbyDB Estimates

Our sellers

There are three types of people that sell on our marketplace and we already have good solutions for the first two groups

Consumers

Come to site organically

15% of items in collections are duplicates and can/should be sold

50 SKUs

Semi-professional

Resell collections of old products as middle-men + some new products

Long tail of new product SKU

500 SKUs

Professional

(now coming*)

Direct outreach to bring onboard via our integrations with channel management software

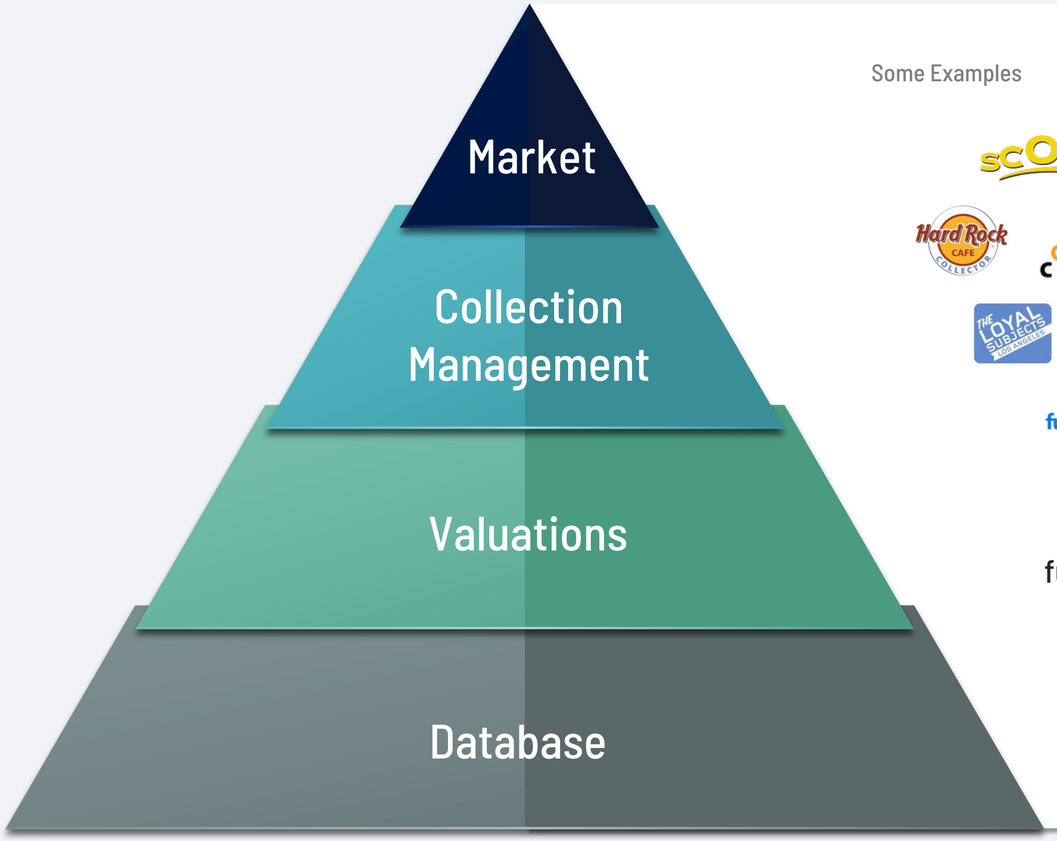
Most sell across multiple marketplaces

2,500 SKUs

*) Our Shopify App will be coming out of testing in January, giving us access to an estimated 40,000 Professional Sellers (from a total of 820,000)

Part of our distribution is an embedded white label version (powered by hobbyDB)

We already manage 35 databases and/or marketplaces giving us access to additional hobbyDB buyers and sellers



Some Examples

This gives blogs, brand, clubs, forums, groups, magazines etc new functionality and an extra income stream (for example only showing Hot Wheels for the Hot Wheel Newsletter)

It allows hobbyDB to reach fans where they spend time with zero acquisition costs

*) Not fully integrated yet

Our sources of data

Obtaining data is our Core Competency

Tapping Six Sources for domain expertise and volunteers

Experts who advise on data structure

Data Donations from authors and companies

Artist and Brand Product Archive Catalogs

User generated content from volunteers

Missing database entries added to the database as items are added to users' online collections

Missing database entries added to the database as items are listed for sale

We are already doing this successfully!

72 Experts* on hobbyDB's Advisory Council

1+ million additional data entries waiting to be added

hobbyDB now hosts 51 Official Archives

650 Volunteer Contributors, Curators & Champions

Approx. 40,000 catalog entries

More than 4,500 sellers on the platform

*) For a list see info.hobbydb.com/advisory-council

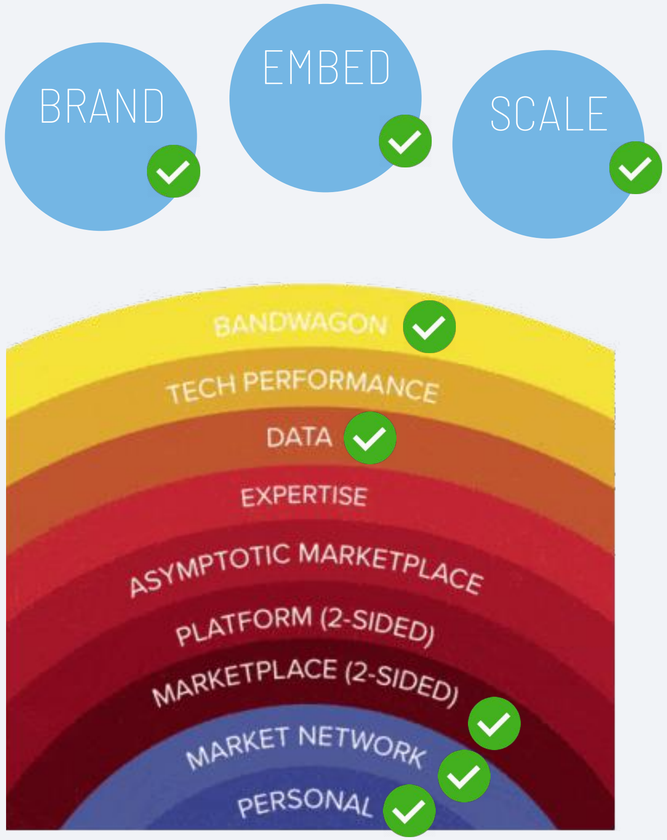
Data pipeline

As it costs $0.40 to add an item AND we already earn annual contributions of $11 we should add as much data as we can

Pipeline (only bigger deals)	Data	Status
Existing Data	▪ 1m Database Entries	▪ We already received the data and just need to import it
HERITAGE AUCTIONS	▪ 2m Database Entries ▪ 6m Price Points	▪ Agreed, we received the first test batch ▪ We will link price points to their site
stockX	▪ 0.1m Database Entries ▪ 0.1m Price Points (current average)	▪ In discussion, we have tested their feed ▪ We will link to their entries and receive affiliate payments
COMING SOON!	▪ 5.2m Database Entries ▪ 10m Price Points	▪ Reached agreement on one-time license fee of $10,000 for the Database Entries some time back and should be able to renew this
COMING SOON!	▪ 2m Database Entries	▪ Talking to both companies about an affiliate and data sharing deal; this will probably be an exclusive as their data and services have very large overlap

hobbyDB is devised to develop many different types of network effects

We are utilizing NFX's Network Effects Manual to plan out our road-map



hobbyDB Networks in order of importance today

1. **Data.** Campions, curators, contributors (different volunteer categories), sellers and collection management users all create data for other users
2. **Marketplace (2-Sided).** While it is hard to stop multi-tenanting for business sellers (say also selling on say eBay), our collector users already maintain their inventory (collection) on hobbyDB and therefore face hurdles to sell elsewhere
3. **Embed**. We already manage 35 databases on 3rd party sites all using hobbyDB log-ins
4. **Personal Network**. Like Facebook and LinkedIn collectors start sharing Showcases and invite friends to hobbyDB
5. **Market Networks**. Over time hobbyDB will enhance the network of collectors that already exists offline such as clubs, particularly where we also run their database
6. **Scale**. Comes with adding more data and users
7. **Brand**. This is one of the few network effects that can be strengthened by marketing spending. We are also working on having more viral elements such as sharing Showcases on social media
8. **Bandwagon**. Like Brand this comes with success