

JAMES **SCHRAMKO**



Exploring the Flippa.com Digital Marketplace: A Deep Dive into Website Trading with CEO Blake Hutchison

Blake Hutchison, Flippa CEO, shares insights into successful website trading. He and James also talk trends and the future of digital marketplaces.



Blake Hutchison

James: James Schramko here. Welcome back to my podcast. This is episode 1049. We are chatting with Blake Hutchison from [Flippa.com](https://flippa.com), CEO actually, welcome Blake.

Blake: Thank you, James, good to be here.

James: Yes, I appreciate it very much. I know you've probably got plenty on your plate with all the things happening out there in the digital world, and we're going to cover some of that today. I think to start off with though, it would be really interesting just to find out a little bit about how you've come into this role of CEO of Flippa.com. And, you know, how the company has sort of got itself to where it's at now, and how you managed to be coupled up with it.

The background on Blake

Blake: Yeah, I mean, thank you for asking. So I joined the company five years ago, as you said, I'm the CEO here. I guess a couple of little anecdotes, one, I obviously knew Flippa before joining in this seat as CEO. And I had at least attempted to sell my own company. It was an online marketplace, through flippa.com, and therefore understood the company, understood the mechanic, and also understood the process that people go through. And they ultimately try to exit a company, which I think is critical when you're sitting in this seat.

Probably second anecdote is that, you know, we're approximately five times bigger now than when I took the role five years ago. So clearly, the industry, which you're a big part of, has grown. But also, Flippa's grown around that. For those of you that don't know us, most of you will out there, we've actually been around for 14 years, which is pretty fun phenomenon to think about, because imagine the types of digital assets and online businesses that were being traded 14 years ago, compared to what is happening now in 2023.



JAMES SCHRAMKO

“Every business has
got some value to it.”

- BLAKE HUTCHISON

So there's been a substantial shift in the makeup of the buying community. And what I enjoy most about my role, which is why I joined in the first place, is one, love entrepreneurship, love the idea that people put their blood, sweat and tears into something, and I believe that every business has got some value to it. And I also love the idea that over time, asset classes have shifted and matured. And this is becoming one.

For some people, it's a really mature one, maybe people like yourselves, and then for others, it's burgeoning. They hear about it, and they start to understand it, and they get super excited by it. And we get to witness those stories all the time from all over the world. So it's a great role, and I'm privileged to be in it. And we've got a wonderful team representing nearly 1.9 million community members around the world.

James's history with Flippa

James: That is huge. I mean, I'm thinking about my history with Flippa.com. Pretty sure it was around 2009 or 2010. So it must have been very early days for the company. They sponsored the drinks session for my live event, there was the cohost of Small Business, Big Marketing back then. It wasn't just a solo broadcast; there was another cohost called [Luke Moulton](#). And he was in with somebody there. And he organized to sponsor the drinks. So we all had coupons courtesy of Flippa.com.

And then over the years, obviously, I've bought, sold websites. I've never used the platform myself, which is why it's really good to get someone from the platform to talk about it. But so many of my community, and a lot of the educators, are really strong on the platform. We've got [Matt and Liz Raad](#), we have [Sophie Howard](#). I've had a number of other guests on the show who have specialized in, by I think, [Jaryd Krause](#), is it? So they're just everywhere.

I'm always hearing about this platform. And I also have a lot of the students of those educators who are buying websites on the platform. So I think it makes sense to cover a couple of the basics. What I'd really like to talk about today, I think we'll talk about the marketplace in general, because you gave a big hint there. It's exploding.

And that makes sense because I've got - surfboard shapers are now talking to me about social media and their website and stuff. We're seeing normal everyday people - are getting into the digital world. I just want a, maybe a quick section on the buyers and a quick section on the sellers, and then where we're going in the future.

How does one actually use a marketplace?

So just to kick things off with, can you just sort of - a quick overview of the process of actually using a marketplace, because I haven't been directly involved with it. What does someone have to do if they want to buy or sell on the marketplace in terms of engaging with the platform?

Blake: Yup. So it shifted a lot. I mean, what I would first say is it's a managed marketplace. So what that means is that there is an extraordinarily large group of Flippa employees around the world who are M&A advisors, marketplace integrity specialists, post sales escrow and funds transfer compliance and governance experts. So you've got this network of people there to help you, and that's probably the biggest shift between, you know, the platform when you may have first discovered it and where we are today. So whilst it's an end-to-end marketplace, it's a managed marketplace.

The second thing I would say to that is that means everything. So you can get a valuation with us. And the valuation is built on, you know, 14 years' worth of sales data, but obviously, the most recent sales trends, and therefore, it's benchmarked based valuations, and therefore, highly accurate, so long as the inputs are accurate.

You have a listing service, which connects the data. So we have 15 different data integrations, Xero, QuickBooks Online, Stripe, PayPal, Shopify, Amazon, you name it, we have an integration. So that's very much about the veracity of an asset, the quality of the asset, the data, so from which a buyer can interpret the performance, both operational and financial.

We then have a deal room where you can shortlist buyers, communicate, negotiate, schedule calls, host those calls. We then have the embedded legal services. So LOIs, APIs, those types of things that you need that you don't necessarily want sitting on a lawyer's desk for weeks. We then have integrated payment services of due diligence. So escrow trust accounts, and then CPAs and CAs in house who you can go and contract with to do due diligence on an asset.

So therefore, we want everyone to know that this is an end-to-end experience. You can safely assume that more transactions are done on Flippa than any other platform globally. And you can also safely assume that if you're a seller, you're getting access to more buyers, and therefore, more likely to get a sale done at the price you want to get it done. So I guess I'll stop and pause there. But I'm happy to talk about the sellers, specifically the buyers specifically anyway, which way you want to take it, James?

James: Definitely get into that in just a moment. And thanks for explaining that. I mean, that is actually huge. Because in my own transactions, when I was selling my websites, I did have to go and get a lawyer, and I did have to do contracts. And it was really difficult, actually. Because in some cases, the seller wants their lawyer to be involved and have their contract, and I had mine, and then then you start having like an arms war between lawyers and just racking up fees.

And also, whenever you read any of the books, and I've had several people who create books on exiting their business, like [Michelle from Exit Rich](#), and then we had [John Warrillow](#) in there, and he's got quite a great podcast actually, inspired by this podcast, after our interview on founders who exit. So it's really difficult to understand who should be seeing the book of sale and who should have access to it.

It sounds like you've covered all of these things that normally would have been separate to a platform. You think of the platform as somewhere where you might discover a website or list something for sale, but all those peripheral things are really probably the meat and potatoes of it.

The observable trends versus a year ago

What are the key trends you're observing in the website marketplace, compared to even a year or two ago? I mean, we've just gone through a remarkable period in time where I imagine a lot of people were at home, and there must have been a surge of people buying and selling, when, you know, there's not as many other options for them to do traditional stuff.

Blake: Yeah, I think there's a couple of things going on there. Right. One is, what are the services that someone is dependent upon to get a deal done? And we'd pick those off in order of priority based on customer feedback and where we see those friction points on the platform. And that, you know, from a trend standpoint, we could see that there were, at any given time, tens of billions of dollars' worth of deal value sitting on lawyer's desks around the world.

And we're not lawyers, but we get a constant stream of both buyers and sellers saying, Surely, given how well-connected your platform is, you can assist here. And so that was, I guess, the impetus to start to investigate and ultimately innovate in that way. And that's how we think about trends. I mean, we watch what plays out. From a category standpoint, we watch what buyers are searching for, and it gives you some sense of what's going on.

If you sort of go back a couple of years, obviously to, you know, the much-talked-about COVID boom of digital assets. It's interesting because a lot of people think that Flippa may have boomed through that period of time. But interestingly enough, the average age of a business or asset that is sold on Flippa is four and a half years old.

So actually, we think that boom is about to come or a couple of years away from landing, where this extraordinarily big influx of new business owners will start to play out in the M&A or the micro M&A environment where we play. But that doesn't mean you don't have categories of influence. So the interesting thing is what most people probably don't realize is buyers in this space are less likely to be speculative.

So they're not actually looking for things like crypto assets and NFT assets. They're looking for viable, good quality cashflow businesses. And so, what's interesting is the boring same categories that you and I have been familiar with for decades and the world has been trading for hundreds of years are still the case.

So education as a category, finance as a category, health and wellness as a category, travel as a category, you name it, you can name the top 10 most viable categories over the last 100 years. And that's still going to be the case on Flippa today. So people are looking for something which is more predictable and repeatable.

Then as it relates to sellers, I mean, clearly, we saw a massive influx in FBA, right? So as Amazon started to flex its muscles and show themselves as, you know, the clear marketplace to set up as a seller, we started to see an enormous amount of FBA assets listed on our platform. And then similarly, enormous number of FBA buyers come to the platform, both small and big.

Mostly site stores and apps

But it is quite diverse. I mean, let's just break them down very, very quickly for anyone. So it's basically site stores and apps. So a site will typically be a WordPress asset. And then that will be driven by probably one of three major players. So it'll be the Amazon Associates Program, which is affiliate revenue, the Google AdSense program, which is ad revenue, or Ezoic, Mediavine, which is kind of like a premium publisher platform similar to AdSense, and still advertising revenue.

And then you have apps, that's predominantly iOS and Android. And so, as developers acquire audiences through those mobile channels, there's investors who similarly want to attract those eyeballs and use those assets as cashflow-generating investment properties. And then finally, stores is the biggest one, a huge drive toward e-commerce driven by Amazon, we've talked about Shopify, Bigcommerce, Wix, WooCommerce, Squarespace, that's where you sort of see huge amounts of investment.

And then, you know, the core metrics are the same as you would think about any given business, you know, it really is about operational fundamentals. Is this a growing business? Is this a sustainable business? Has it got a long rich operating history? Is the brand well-regarded? Are their marketing means sustainable and repeatable, or are they just dependent on Facebook every month, derive and survive?

But it is truly global. I think that's the other important thing to talk about. If you go and buy a cafe, it's most likely that if you're looking at a cafe, whatever, in Santa Barbara, you most likely are going to sell to someone who wants to operate a cafe in Santa Barbara. Whereas 67% of all deals on Flippa are cross-border. So the entrepreneur in Barcelona, and your business will be acquired by a business buyer in Boston.

And so, it's truly global in that regard. But yeah, we get to watch some awesome trends play out. I mean, clearly, as there's news about certain things, i.e. AI, the number of assets that end up on our platform, and the number of searches for those types of assets skyrocket.

James: Yeah, that's really interesting. And it's also interesting that you said there could be a boom coming, like the COVID babies or the COVID divorces, they're still rolling through. And also, you know, like trends, we're just hearing about AI pins and stuff. We're deleting the whole need for apps and ChatGPT letting people create their own GPTs, there's whole new categories being created that will change what assets are bought and sold.

The established norm that is WordPress

When you say WordPress, that sounds very old-fashioned these days, right?

Blake: But there's like, you know, 200 million WordPress sites.

James: There's so many. It's an established norm, isn't it?



Blake: Yeah, it's an established norm. And remember that most buyers in this space, they're repeat buyers. So it's quite norm. Most people don't think that. But 45% of buyers on Flippa are repeat. And so, when we talk about WordPress as being something that's been around forever, that kind of matches that trend, because if I buy a cooking blog, and that cooking blog is doing well, then when I see another cooking blog for sale that is similar, I'm going to acquire that too, because I know what to do with it. And so, you know, investors actually are quite risk-averse, they want something which is predictable. And so, if they've seen something work before for them, then they're going to do it again.

James: It makes so much sense. At one stage, we had 1000 WordPress sites live. And I had a husband-and-wife team, just their entire job was just maintaining them, updating plugins, keeping them up and running. And we had our own ad serving network on them, which was great. And we could use it to do backlinks, when we had the SEO business. We're talking about a long time ago when that was really effective.

Couple of quick questions, snap question, you've got a WordPress site. It's a content site, it's cooking industry. What are you going to put on there? Are you going to put Amazon, Google or Ezoic?

Blake: So I put both AdSense and Amazon on there to begin with. And then over time, I'd migrate from AdSense into a premier publisher platform like a Mediavine or Ezoic, but I've retained my Amazon. And so diversifying your revenue streams, If you can get lots of pageviews and get great readership, then your AdSense or your Mediavine is going to play out.

But if you're really good at sort of writing reviews, and there's a good bunch of people who are clicking out and actually consuming something, that's nice supplementary income, too. So I'm always of the opinion that where you can diversify, you should, because you need to de-risk. And so, I pick two.

Platforms of choice for ecommerce

James: I love it. We're hearing from a CEO here. So this all resonates with me. Okay, you're setting up an e-commerce store, you're going to sell cooking pans, what platform are you choosing?

Blake: Okay, so if I'm Australian, I'm going for Amazon, because I think that there's still room, and it's not as competitive. And Amazon's clearly the fastest growing retail platform in Australia. And less Australians are familiar with it than globally, and so therefore you can find, you know, that competitive gap that you're needing.

But if I'm an American, I'm probably going to go and try and build something on Shopify, and own the brand and compete against the major competition for keywords and those types of things. Because, frankly, I think, at this stage, not only is Amazon getting more expensive, but you're up against some really shrewd players. And so cooking pans is a pretty well-established niche. And I'd be guessing you're up against, you know, 10 to 20,000 operators in the US to be able to compete.

James: That's pretty hardcore. I mean, it must be a tough industry, because my local cooking shop's been closing down for the last two years. They're still there though. [laughs]

Blake: The quality of the goods you can get on Amazon these days, and the ease from which you can assess one party versus another. Is it Amazon's choice? Does it have 2000 reviews or more? Are they predominantly four and a half and five-star reviews? I mean, to go and compete against that now, awful as an operator, but to be a customer with that level of selection and choice is just outstanding, isn't it?

James: It's crazy. You know, I'll go and make a coffee, and then I notice I'm low on almond milk, I can have a box of 24 of them delivered by tomorrow with Prime. You know, they don't even stock it at the local shops, so it's not like they're missing out. It's pretty hard to compete with that.

But I notice Shopify is making a push. I just got a beautiful postcard from them in my letterbox, like snail mail, with a coupon to get started with a Shopify store. So they're making it a good reach. I'm sure you'll see a few of those trickling through on the listings.

Blake: Incredible. So you've received a snail mail with literally a postcard saying, Hey, join the Shopify platform. And look, ultimately, they'll play the marketplace game, they clearly are investing heavily in their logistics game, their payments game is really strong. In fact, I think, revenue source these days payments versus the actual e-commerce aspects. So I mean, you know, don't discount it. The good thing for Flippa is we actually don't mind.

James: Yeah, you're platform agnostic for, you know, what the website is, but honestly, there's going to be common clusters of ones that are easier to sell, or easier to buy.

Blake: Yeah, exactly.

Starting small and making it big

James: So tell me about those investors, the people who buy multiple sites, have you got any success stories of people who have acquired a bigger portfolio that would shock people? Like you often see these newspaper stories, you know, 27-year-old plumber has property portfolio of \$10 million, you know, for traditional real estate. Are there people doing that sort of stuff in the digital space?

Blake: Yeah, so I'll give you a really fun example of a small-time investor who's starting to, I guess, evolve and get bigger by the transaction. And I'll give you an example of a bigger one. So the small one is, you know, we titled this, the lifetime value of a DJ. So he's a DJ in Serbia, and he's also a PHP developer, so DJs across Eastern Europe. He's got a family of three, and obviously understands PHP.

So we tracked his behavior, We stumbled upon this guy, I must admit, so we tracked his behavior. And he bought a site back in April 2019 for \$600. So this is a long time ago. And he's starting off very small. And so, people listening into this might even laugh, but let's see where he got to. So since that time between April 2019 and August this year, so 2023, he's averaged five transactions a month, every month for five years.

And so, now deployed \$819,000 on the platform, and those transactions get bigger every time. And so, his latest transaction, I think he's actually done more since I've looked at this. But transaction number 244 was 101,000. And the word on the street is he's up 300% on his invested dollar, so he's invested 819,000. So he's, you know, \$2.5 million return.

So, you know, that would be an example of someone who started small and is now actually turning this into a portfolio. And, you know, he's not stopping anytime soon. In fact, last month, he did five acquisitions, so I don't think he's stopping. So that would be an example of someone who has turned this into a profession, much like those stock traders, right? He does this with digital assets and online businesses.

So that's an example of kind of an individual. And it shows that you can actually start small and get to a viable position.

Something for every buyer

And then there's examples of institutional buyers who have done this for eons. But I've done it with two. And so we've got an aggregator, they raised \$200 million, they're based in Boston. And every couple of months, they're buying an app asset. So it's typically iOS or Android.

They won't go near games, they're looking for viable lifestyle-based assets, but helping small business owners be better small business owners, or helping you and I do things like find a recipe to cook tonight. And those apps, you know, they've now acquired eight apps, the smallest app they've acquired is half a million dollars, the biggest app they acquired was \$35 million.

So gives you some sense of the fact that one, you know, Flippa is truly price agnostic and it does have a service offering whether you're an immature investor, just getting started or a mature investor who does this prolifically and for a living. There are opportunities for all. It really comes down to, you know, do you spend all your money on one asset? Or do you hedge your bets?

And we would always encourage people to hedge their bets. Ultimately, it's an asset class. So if you've got \$50,000 to spend, don't go and drop it on one asset, particularly if you've never done this before. And even if you've got \$5 million to spend, you know, you're better off buying five assets of a million dollars pop than you buy just one. So the portfolio approach is actually really common.

James: It makes sense. And it sits with my idea of investing too. I love the story of the DJ, because one could presume that he's only DJing because he loves it, like this guy is making sweet music for fun. And it's funded by the website portfolio. I love to hear that. And the institution, it's good to hear that the big dogs are in there.

I know, for example, Matt and Liz Raad, they teach people not to spend more than \$500 on their first site, because they get a lot of rich people coming in wanting to spend lots of money, and they hold them back. Because there must be - some of them have no experience, right, to actually run the website once they buy it. So there must be a couple of things we should look at from that point of view.

Looking at it from a seller's viewpoint

But from the seller's perspective, because now we've got someone who's got the asset, and they want to sell it on the platform. You've talked about the category. So we know if we were sitting in those categories, they might be highly hot properties. How long does it actually take to sell a website once you list it?

Blake: Yeah, so the higher the value, the longer it would take, just because the level of due diligence and the opportunity for us to find your buyer typically takes a little bit longer. But the short answer to your question is, if you're selling something, you should kind of plan for about three months.

So I'll break them down for you, I mean, sub \$50,000, the actual median closing time is 15 days. So that's really quick. Now, that's not to say that you can't have some situations where it's a very niche act and it takes a lot longer, of course that can happen. But the median closing time is 15 days. Whereas if you get up to 250K plus and a million dollar plus territory, it's more likely to be, you know, 70 to 90 days, so you're talking about two and a half to three months.

And when we talk about that, we're actually talking about the time at which you sign the APA. There's often - and a lot of people don't understand this, there is a transfer period - and it's less likely to be an earnout, but there's often like a consultancy period where the previous owner will have to stay on board for, whatever, 45 days to 90 days to ensure that everything lands well for the new owner.

But yeah, so, you know, two and a half to three months is what I would plan for. It's interesting because what Flippa does is match. And so, I know it sounds ridiculous, but think of it as like dating. It truly is analogous. So what we're trying to predict is a good fit. And so, we can have a half a million-dollar cashed-up buyer, who says they really want to buy a SaaS, and you know, that's good. And we can match you up to that person.

But perhaps that's not the right person to sell to. Perhaps the right person to sell to is a SaaS aggregator who does this for a living, they're going to move quickly, the likelihood of them having success, and therefore feeling good about the transaction is higher. And so, you know, sometimes we will actually encourage the seller to stay on board the platform for a little bit longer, while we match up the right buyer.

And so, it really is about this concept of finding someone who is acquisition-fit. And so that's the power of our platform, really. With that many buyers, and that many buyer profiles, where I mean, we've essentially built the first AI matching engine, so we take behaviors and signaling, so intent-based signals. And that can be about a business model, but it could also be about a category.

Sometimes, someone will literally look for something in the health and wellness space in SaaS, and you put something in front of them, it's a content asset that's in the health and wellness space, and they'll still buy it. And then on the sell side, it's very much about saying, you know, what is all the data that you need to have inextricably connected to the platform, or connected to the platform, so that people can understand the performance?

And so, when you ask, how long does it take to sell a business? There's best case, there's worst case. If you've got nothing in order, and your financials are in disarray, and yes, you've got a good quality business, but you actually can't prove where you spend your money and how it's attributed to your growth, then that's going to take you a long time to find a buyer, because that's what a buyer is going to be assessing.

James: Right, and you encourage all that process.

A scam-proof system?

I think you're pretty heavy on the proof documents and validating the sellers so that, you know, do people still try and scam on the platform?

Blake: So yes, try is the keyword there. There's a couple of things. One, and it's important that I distinguish the price point. So everything over 50,000 is human verified. So nothing can get to our platform without going through an actual validation. Everything below \$50,000, there are docs that must be provided to the platform. So there's the integrations, you know, whatever, Google Analytics, Stripe, Shopify, QuickBooks Online, Xero, we went through that.

And then there's, of course, you know, integrity documentation. So a KYC, who is the buyer and who is the seller. So it's a balancing act between how much friction you're providing the marketplace, and how much demand you want on the marketplace. And so, what we found was, if you try to ID verify everyone, in particular, an institutional buyer, before they inquire, they basically say, Hang on, I don't want to use your platform, you want to ID me before I can even inquire.

And so, what people should know is there are people who are obviously snooping around the platform. And they may not be as serious as somebody else. And so, when you go through the actual transaction, that's when the KYC check, the verification of their bank balance, and their proof of funds to ask you to pay is all checked out.

But ultimately, it is a marketplace, right? So we encourage people to use the tools. We encourage people to use the embedded legal offerings, and we encourage people to use our payment services. Now you cannot get frauded or scammed on our platform, if you use the services. Where you can get tripped up is the same way you can get tripped up on any platform.

If you refuse to use our services, essentially circumvent, it's kind of out of our control, and we can't help you. So I've had some buyers, for instance, who say, Hey, look, I'll try and save on the five percent success fee. And I'll go and do it elsewhere. And they go, you know, try to convince the buyer of a direct bank transfer. And you know, things don't go as well. So as long as people are using the platform, all these will stitch up.

The goal of quality listings

James: That's a wise idea. Is your marketplace a little like in the real estate industry where your biggest job is to encourage listings, and then the selling will take care of itself?



Blake: Yes, it is, and even to the extent that now more than ever, every single asset on Flippa price in excess of \$100,000 is account-managed or brokered. And so, you know, we believe that the pathway forward is a managed marketplace. And so that's very analogous to traditional real estate where, you know, you're actually better off with someone helping you.

Yes, so our biggest challenge every day is acquiring great quality supply. So we add about 4000 assets a month, we sit on a couple of 1000 new valuations each month. And that's, you know, from our perspective, that's how we farm the next opportunities that we will present to our buyers on the platform.

The buy side is ridiculously big, James. So you're talking sort of 15 - depending on the month - 15 to 20,000 new buyers joining each month. Those buyers will have budgets as low as \$10,000 and as high as \$100 million, you know, with the institutionals joining. And so, buy side is not an issue.

Services available for buyers

James: Are there any buyers advocate type services?

Blake: It's a good question. So we have a deal origination service internally, where I can create a mandate, and we go hunting for it. I pay us a retainer. It's \$1,500 a month, and we'll go and find them whatever they want. We haven't actually found that many buy side brokers who are willing to sit on top of the platform and help the buyers do deals.

So what we've tended to do is say, as part of the account management service, you know, if you're new to Flippa, reach out to the account manager. And we'll actually help you find a subset of deals you can look at, understand how to go through the due diligence process. And really what we do is try to take an educational approach to this versus a managed approach to it.

So we orientate our account management, the sell side, obviously, finding them the relevant buyers and having those negotiations being a conduit between the parties. And the buyers, for the most part, are a little more sophisticated than the sellers, they tend to have done it before, they tend to understand investing as a concept, whereas most people have never sold a company before.

James: Yeah, nice.

A personal query of James's

So just to sort of round out. Personal question. I've got a content site I've been developing. And it doesn't require me, and it's got good amount of traffic, and it's generating advertising revenue from one of those three players we've talked about before. What kind of multiple could I expect to get if I were to sell that site? It's just a WordPress site, lots and lots of organic visits.

Blake: Yeah, so let's talk about high and low. So at the low end, that's assuming that, you know, good organic traffic, but not fast growth, good quality revenue, i.e. you're not paying for the traffic, and pretty resilient traffic base been around for some time. So at the low end, you're talking about two and a half. So the actual number is 2.4. But let's just round it up to two and a half.

But at the high end, seven and a half to eight. So we're talking about annualized net profit. And let's just do the numbers on that really, really quickly. Very, very basic, rudimentary math, let's say I'm doing \$200,000 top line. But maybe it's costing me \$100,000 to generate the content, host the website, invest in a good quality designer that's constantly updating, maybe I've got an SEO agency. So it's \$100,000 net. You can imagine at the top end that's selling for 750 to \$800,000. And at the low end, you can imagine that site for 200 to 250.

James: It's a pretty good job for a kid out of school these days, isn't it?

Blake: Yeah. And you know, at the end of the day, you spoke about the fact that you don't work on it that much. I think that's what you said. So it's still - people say, I want to buy something passive, and you and I both know, there's no such thing as truly passive.

James: There's upfront work involved in passive.

Blake: But if you want to go close to passive, content is a good place.

James: It's so leveraged, highly leveraged. I've had this asset for about eight or nine years.

Blake: How many hours a week do you spend on it?

James: Minutes, like very little. It's really, pretty much in its own groove. It just ranks for just about everything, and it gets almost all search traffic, and a few referrals. So it's good, and I'm about to turn it up and see what we can do with this thing, but I'm really excited. I'm sure it could be a million-dollar sale. That was the intent when I set it up in the beginning.

And it's important for me as a teacher, to be a practitioner. You know, as much as my personal brand involves me and coaching is highly active, but still very leveraged, I like to build assets to sell. Selling my website businesses was some of the most exciting things I've ever done in my life, because to get paid big bucks for something that was just an idea in my head and I created, it's hard to explain how good that feels to someone who hasn't done it. But I want to build things to sell again. And so, I've continued to do that.

And I'm also a partner in other people's businesses. And I would like to see some of them come and be sold as well. So this is all exciting stuff.

How does AI change the game?

Final question, you must be sitting there contemplating the big changes going on with AI, and as the CEO, you're in a super responsible role. What sort of things do you anticipate happening? And what are you working on right now for the next phase of the business?



“Most people don't know how to merchandise an asset, they don't know how to actually say what's good or bad about it.”

BLAKE HUTCHISON

JAMES SCHRAMKO

Blake: Yeah, I'll start with what we've done. So one, we obviously agree, it's an opportunity to leverage great tech for growth. And it's moving so quickly, and you'd be silly not to have a go. And so, there's a couple of things we've done. First thing we've done is the really basic one. So most people don't know how to merchandise an asset, they don't know how to actually say what's good or bad about it. And so, we've basically worked with GPT to configure a listing writing service.

So essentially, you can create a billboard now through the Flippa onboarding experience using GPT. So that's a really obvious utilization of a world-class player. But then the more sophisticated and most exciting piece we have right now, is we're doing around 425,000 matches a week. And so, those buy side matches at that level of, like that scale, at that volume, can't be achieved with anything but good quality machine learning models, and AI.

And so, that's what we were talking about before, we've got intent signals on the buy side and intent signals on the sell side, we've got various attributes that we assess. We basically built two graph neural networks sitting on each side of the marketplace, finding the relationship of each of those and then matching them up. And that's working really well. And we continue to invest there. It's getting better and better by the week. And you know, at any given month, right now, it's generating 30% of our transaction value. So that's the power of AI very quickly.

Now, as we evolve, what we've actually got to do is figure out how search changes. And so at the moment, we're dependent on people coming to the search page, and actually typing in a query, or using a filter. But AI, to some extent, should actually help buyers discover better and easier than ever before. And so the discovery side of AI, we think is really, really important. The other side of AI that we think is really important is the actual end-to-end purchasing process.

So at what point does it start to help you out with legal? And at what point does it help you do due diligence on an asset? And so we think that given all the data we sit on, rather than having those there are static modules, which basically say, you know, Shopify says your average order value is this, whatever it said, Shopify says your average order value is this, but we've now compared you to 5000 other assets, which are similar around the web, and will give you a comparative details on the performance of your asset that you're considering versus the rest of the world.

So that's where we think AI can start to shift the game for us, and also for the investors and sellers on our platform. More generally, we are starting to see a bunch of AI assets lists. And what is interesting about it is they are selling for stupid multiples. And so, there is clearly, you know, an appetite for these assets that's reaching fever pitch.

People need to be careful there, because it's like every other trend that has come before us. The winners will win big, and the losers will still be losers. So you know, we caution some of our buyers who are getting too excited about some of the, you know, six-month-old, one-year-old, one-and-a-half-year-old assets that are listed on the platform at this stage. Hopefully that answers your question.

James: Totally. You've answered all my questions, Blake. I really appreciate it. And I also want to acknowledge Mike Vander Heiden, I hope I pronounced that correctly, who introduced us, so this episode was a direct result of a listener making an introduction for the episode that he wanted to hear us make. So I'm grateful for that.

If you're listening to this episode, and you would like me to speak to someone else, please make an intro. Of course, if you're buying a website, selling a website, go and check out [Flippa.com](https://www.flipper.com). Blake Hutchison is the CEO. Obviously, this time that we've spent together is very valuable, and I really appreciate it. I hope it's been good fun for you too, Blake.

Blake: Yeah, it's been awesome. James, thank you so much and I appreciate the community out there too.

James: All right, well, there we go. So this one will be published up where we see episode 1049 on JamesSchramko.com. We'll put links off to Flippa.com. And yeah, great one. Thank you.

A man in a light blue denim shirt and white polo shirt is sitting at a wooden table in a cafe. He is holding a smartphone to his ear with his right hand and has large black headphones around his neck. In front of him is a dark brown laptop with the Apple logo. In the background, there is a wooden counter and a coffee machine. In the foreground, a white coffee cup on a saucer is visible.

JAMES SCHRAMKO

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