

## Hypetap

### Influencer marketing

Hypetap is a technology company- which facilitates influencer marketing. Influencer marketing is where brands work with people (influencers) who have social media accounts with a large following and high level of engagement. A well-executed influencer campaign can result in increased brand awareness, improved brand sentiment and positive conversations which lead to increased sales and increased traffic to the brand's website. Hypetap's platform matches influencers with brands for marketing and advertising campaigns.

### Background

Hypetap was founded by Detch Singh and Nikhil Madhok in 2014. The beta version of the SaaS software model was launched in January 2015 and in June 2015 Hypetap was accepted into the Melbourne Accelerator Program. The SaaS model made way for the launch of Marketplace and Enterprise Sales in February 2016. In the period from 2014 to 2016 influencer marketing went from being considered 'earned media' mostly conducted by PR agencies for small budgets to a core category in most content plans for marketing and media. Since launching the Marketplace and Enterprise Sales products in January 2016 month on month net revenues have increased by 26% with annual net revenue for the 12 months to April 2017 of \$553,000 (after payments to influencers and direct campaign expenses). Forecasts after investing capital in scaling up the Asian market show that the business is expected to be breakeven at the EBIT level in 2018. EBIT for 2019 is forecast to be \$3m.

### Business model and strategy

Hypetap offers clients two options based on their budget, management preferences and the depth of campaign reporting required: 1) Self Service Marketplace; and 2) Enterprise Solution. The Self Service product allows the client to manage the campaign and costs \$1,000 per month plus a transactional charge and is best suited to small businesses and PR agencies. The Enterprise Solution is executed by Hypetap for campaigns with a minimum spend of \$20,000 and is most suitable for large brands, publishers, creative agencies and media agencies. The product is highly scalable and minimises the use of human capital. One account manager can manage >12 campaigns (minimum annual revenue of \$0.24m) and the estimated return from the employment of each enterprise solution sales executive is >10x.

### Market size and Competition

The global market for influencer marketing was US\$4.8b in 2015 and is estimated by eMarketer to growth to US\$11.1bn by 2018. Competitors include Tribe (net revenue of A\$0.2m) Scrunch.com (net revenue of A\$0.24m) and Vamp (net revenue of \$0.126m). Hypetap's average campaign size is \$30,000 which is more than twice the average of the competition. The sophistication of the technology also results in higher profit margins for Hypetap.

#### Share details

Investment to date	\$2.0M
Number of shareholders	<10

#### Market size

eMarketer has estimated the size of the global influencer market in 2018 as US\$11.1b of which \$185m relates to the Australia/NZ market and \$875m in the Asia Pacific markets. These two markets are seen as key markets for Hypetap.

#### Upside Case

- EBIT breakeven by FY18
- Influencer marketing of increasing importance with 84% of marketers intending to launch at least one influencer campaign in next 12 months
- Rapid scaling of proven technology

#### Downside Case

- Requires additional capital to expand into new geographies
- Social influencers can come in and out of favour in a short time frame
- Exposed to general economic cycles

#### Company contacts

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