

Profitable Flips: From \$9.2K to \$140K in 9 Months - Statement.com, With Braden Pollock

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In this DomainSherpa Show, Profitable Flips, skilled domain name investors share all the details of how they bought low and sold high. On today's show, we are going to learn how a nine-thousand-dollar domain name sold for 140 thousand dollars only eight months after purchase. Stay tuned.

I have three sponsor messages before we get into today's show.

First, if you have a great domain name and nothing to show when people visit, you're missing out on potential advertising revenue, leads and partnership opportunities. NicheWebsites.com can build you a site quickly with a price option to suit any need — but as their tagline says, they don't just build websites, they build businesses. NicheWebsites.com.

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Michael Cyger: Welcome to the all-new DomainSherpa Show, called Profitable Flips. In this show series, I invite skilled domain name investors to share all the details of how they bought low and sold high. In this series premier, I am pleased to welcome Braden Pollock, a past Sherpa, who has shared information about his lead generation company, Legal Brand Marketing, in a previous DomainSherpa interview. If you have not had a

chance to watch that interview, entitled Building a Niche Generation Empire, please do so. A link is presented below. You will not be disappointed.

Welcome back to the show, Braden.

Braden Pollock: Thank you very much. You know, that was so passionate. I do not know if I can keep up with all that.

Michael: That was funny, buddy.

Braden: You tell that to (Unclear 2:13.6).

Michael: All right, so thanks for being on the premiere show of Profitable Flips. The show idea is simple. We hear about profitable flips all the time in the industry, but what we do not hear about are the details that went into the successful flip. To be on the show, a domain investor must meet three criteria: (1) sold a domain name that was purchased within the last 12 months, (2) the profit of the sale must be at least ten thousand dollars, and (3) the profit of the sale must be at least one hundred percent of the purchase price.

Your flip today meets all three criteria, Braden, so let's start from the beginning. What was the domain name that you recently sold and when did you purchase it?

Braden: The domain was Statement.com, and I purchased it in October.

Michael: October 2013.

Braden: Correct.

Michael: Statement.com. The singular. Correct?

Braden: Correct.

Michael: All right. How much did you pay for the domain name, Statement.com?

Braden: About nine thousand dollars.

Michael: Okay, and you say about nine thousand dollars. That makes me wonder. Do you not remember how much you paid for it?

Braden: I am very secretive. No, it was part of a portfolio of names, all equal value, so divided out, it was about 92 hundred dollars. But they are all equivalent names. There are no dogs in there.

Michael: So, my quick math says you bought this portfolio of names. How many names did you say?

Braden: I did not.

Michael: I am glad I did not do the quick math in my head with the information that you gave me before the show. All right, about 92 hundred dollars per domain name.

Braden: (Unclear 3:58.9) standing behind the curtain, Mike. I cannot let them know that. There were seven names for 65 thousand.

Michael: All right. And do you think that 92 hundred dollars per domain name was a fair purchase price for Statement.com or do you think it was a great purchase price? How would you classify the purchase of it?

Braden: I think that it was a very, very good price, which is why I bought it. I am looking for deals. The thing is that most of the names I buy I do not have a purpose for, other than to sit on it and wait for an end user to come along, so I have to buy it right. I am looking for great deals.

Michael: Yeah, and so you purchased this portfolio of domain names. Do you think you could have purchased each of the names individually, or was the previous registrant of the domains looking for a lump sum of cash and you just happened to come along at the right time?

Braden: Yeah, it was a portfolio sale. I mean he was asking substantially more than 65 thousand for the portfolio, but that is what I ended up buying.

Michael: Cool. And of course, as the audience knows, I would ask you for a list of all the domain names purchased in that package, but as you and I discussed in the pre-show interview, you understandably do not want to make it all public as it might affect the sale in the future. So, let's jump to the end of the story for a moment. How much did you sell the 92-hundred-dollar domain name, Statement.com, for?

Braden: 140 thousand.

Michael: When did you actually close and get the money deposited in your account?

Braden: Last week.

Michael: Nice. All right, congratulations. So, the deal is done and funded, and the cash is in your bank account.

Braden: If that was not the case, we would not be talking about it right now.

Michael: 92 hundred dollars to 140 thousand dollars is quite a profit for only owning the domain name for about eight months. So, let me go back to the beginning. As soon as you bought this domain name, did you do any publicity to sell the domain name, such as list it for sale on any marketplaces or put up a landing page or contact brokers and let them know that you own it now?

Braden: I parked it at DomainNameSales, at Internet Traffic, and so it was listed on DomainNameSales. So, the enquiry came through DNS.

Michael: So, if a user who is interested in the domain name typed Statement.com into their browser bar, it would take them to a landing page. And typical landing pages at DomainNameSales can either be a straight inquire about this domain name or it could be showing ads and then it has a

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bar at the top that says this domain name may be for sale; contact us. Which kind of landing page did you use?

Braden: Yeah, I have got the combination. So, there is an ad feed as well as a banner at the top that says this domain name is for sale; click here.

Michael: Got you. So, you changed your registrant information. You pointed the domain name at DomainNameSales.com, Internet Traffic, and you were monetizing it with advertising. The lead actually came through DomainNameSales.com or InternetTraffic.com/ I am not sure exactly how to refer to that.

Braden: Yeah, DNS. DomainNameSales.

Michael: DomainNameSales, okay. And when it came through, did the perspective buyer use their real information or did they use sort of a fake Yahoo throwaway address?

Braden: The real information.

Michael: Nice, okay. I am going to come back and ask you about the new information. Before you got this inquiry from the buyer - the transaction that actually took place -, how many inquiries did you receive in the other eight months that you owned it?

Braden: I got about two per month. I actually received, while we were negotiating, two more inquiries on that name.

Michael: Wow.

Braden: I received probably about 15 inquiries on this domain name. I actually can look it up.

Michael: And you are looking it up in the DomainNameSales.com interface right now.

Braden: Right. So, 15.

Michael: And would you say that most of them were valid inquiries, people that wanted to pay a good amount for it, or were most of them like: "Hey, I have got ten-dollar registration fee. Will you sell it to me?"

Braden: Yeah, I would not say that. I mean I got an offer the other day for one of my one-word .COMs: a four-dollar offer. Four.

Michael: That is better. That is half the registration fee.

Braden: I was not sure, but I ultimately decided to pass.

Michael: Maybe it was a typo. Did you email them back and say, "Hey, did you mean four dollars or four thousand dollars?" Maybe they forgot a 'K' on it. All right. So, on those 15 or so inquiries that came in before the last one, did you ever quote a purchase price for these inquiries? Did you ever say, "Here is how much I am looking for"?

Braden: No, I have kind of a generic template response that says we are expecting offers in the six-figure range. That makes most people go away and leave me alone, because most of the offers are 50 bucks or one thousand dollars, or something, or four dollars. And so, that is really to kind of pare it down, but the thing is that you never know, so I have to put something out there. I am not a fan of saying it is not for sale. Some people like to do that. I like to put out kind of this broad. Six figures is anywhere from one hundred thousand to 999 thousand dollars. So, if somebody is serious, they will come back with an offer. Even if their offer is 50 thousand dollars, they see a six-figure asking number. They will come back with 50 thousand, but they are not going to come back with, well, we will give you a thousand bucks. They will just go away.

As a matter of fact, now that I am looking through this comment inquiry string on DNS, the opening offer for this sale was 25 hundred dollars.

Michael: Okay. So, they reached out to you through that form on DomainNameSales and said, "I am interested in buying Statement.com, and I am going to make an offer of 25 hundred dollars."

Braden: Right, and then the comment was: "For use in a startup." Usually that goes nowhere.

Michael: Sure.

Braden: Because startup could be unfunded. 25 hundred bucks is not going to make it happen. And it is a startup, so I know what the company is and it is a big VC, and it is one of their companies and they have a big budget.

Michael: Now, I went to DomainTools.com and looked up the WhoIS information for the current registrant. It is public information. It is a company called CentralWay.com out of Switzerland. On their website, they say that they build and invest in online companies and do some venture capital. So, when they reached out to you, was it through CentralWay.com so that you could go to their website and figure it out?

Braden: No, it was, I think, a Yahoo address or something like that.

Michael: Okay, so it was a generic and they did not lie about what they wanted to use the domain name for.

Braden: They did not mention CentralWay of course.

Michael: No, because that might indicate deeper pockets and paying more for the domain.

Braden: Right. Right. But he used his real name, so I was able to do some digging.

Michael: So, was the first thing that you did to go and type in his name into a search engine and figure out who he was and how he was associated or who he was associated with?

Braden: Essentially. In DNS, they do have tools, like I can just click on a search button, so you can search in Facebook or LinkedIN, etc. And I think I had found him on LinkedIN, if I recall correctly.

Michael: Got you.

Braden: Through the DNS tool.

Michael: Right, and it is just an icon and you click on it, and it takes you directly to LinkedIn with the search populated.

Braden: This is not a DNS commercial, by the way.

Michael: It is not, but it is the way that this sale happened to progress, and so I think it is fair enough to talk about it.

Braden: All right, Frank, here is a free plug for you.

Michael: So, that was your due diligence process. You had his name, even though it was a Yahoo address. You went to LinkedIn. You looked him up. You thought it could be the same guy, and he is with this VC/business development company called CentralWay out of Switzerland.

Braden: Right, and I looked up CentralWay. I did some research on CentralWay. They invest in banking applications, so Statement.com is exactly what I figured it would be used for, a banking app, and I also saw that CentralWay has a 50-million-dollar fund.

Michael: Cool. I did not see that on their website, so that is cool too.

Braden: I am obviously a better research than you.

Michael: Due diligence is key. So let's discuss the negotiation process. They submitted the first offer to you via email: 25 hundred dollars. You said that your typical response on a domain name like this is to say, "I am looking for six figures."

Braden: Right.

Michael: And what transpired from that point?

Braden: He sent me another note saying that he wanted to get on a call. And so, knowing that he knows my range, I am okay with a call. I called him up.

Michael: Called up Switzerland?

Braden: Yes, just like that, with my fingers. That is how I called. All my International calls are just with my fingers. So, I called him and he said, "Six figures is a big range. What does that mean? Is it a hundred thousand or is it much more than that, but we are okay with that depending on where you are," and so I said, "250 thousand."

Michael: We are okay with that depending on where you are, but he started off on 25 hundred dollars.

Braden: You never know.

Michael: You never know. Your expectations could have been lower.

Braden: Right.

Michael: But they clearly thought it was worth six figures as well.

Braden: Yes.

Michael: Okay.

Braden: So, I said 250, and he said, "Their budget is not that high," and I said, "How high are they willing to go?" He said, "The max budget is 120," and I said, "That is not going to cut it." He said, "Let me see what I can do," and so there was some back and forth, and he talked to his people and got back to me, and he said, "They will not go above 120," and I said, "Well, that is too bad. Let me know if they are willing to change their minds."

Michael: All right, so let me pause the story. So, you went back and forth. 250. Oh, we cannot do that. Well, let me talk to my team, and then you hung up. Right? And then he shot you an email next and said, "We can do 120."

Braden: No, on the call, he said, "We cannot do more than 120."

Michael: Okay, and then you said, "Well, that is not going to do it," and he said, "Let me talk to my staff." And so, at that point, you hung up on the phone.

Braden: Right.

Michael: And then the next communication was from him, back to you, saying...

Braden: "We will not go above 120."

Michael: Okay, and then you just wrote an email back, saying, "That is too bad. Let me know if your situation changes or you change your mind," or something like that.

Braden: Right.

Michael: Okay. And then how long before you heard back from him?

Braden: I let it go about two weeks, I think, and then I pinged him and said, "Any further movement? Have you reconsidered?" And he said, "No," and then I had said, "Is there anything creative that we can do? Do you need terms? I am open to equity. Let's have another conversation."

Michael: Oh, interesting, okay.

Braden: And we had another conversation. He said, "Equity is not an option. We do not need terms," and I said, "We need to go up from there. Is there anything you can do to bring it up from 120 because I just cannot go that low? I am willing to come down from 250," and he said, "140." We went back and forth, and that was the bottom line.

Michael: So, he said 140 when you were on the phone the second time.

Braden: Yeah. Well, the second time actually I asked them if they could sweeten the deal, and he said, "Let me see what I can do."

Michael: Okay, and so he hung up and then he talked to his staff, maybe, and then emailed you back or called you back.

Braden: Actually it then went to Skype. We were using DNS, we were using email, we were using Skype, and we were using phone calls.

Michael: Skype call, like a video chat like you and I are doing, or Skype texting back and forth?

Braden: It was just IM on Skype.

Michael: IM, instant messaging.

Braden: He is nine hours ahead, so the scheduling.

Michael: Right. So, then on Skype instant messaging, he wrote, "140 is the best we can do," or how did you get to that number?

Braden: Yeah, it was either IM or it was on a call, but ultimately he came back with 140 and I agreed to it.

Michael: Okay. And was that tough for you to agree to 140 when you had previously said 250?

Braden: No, it was tough to turn down the 120.

Michael: All right. When we come back from this quick break, I want to ask you about setting the asking price and about the negotiation process in more detail.

Quick break from three sponsors of today's show:

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Michael: We often hear about great domain name sales like this one, and what I am always unclear of is how the seller decides a price is high enough. In your case, you turned down 25 hundred dollars. You turned down 120 thousand dollars. Why was 120 thousand dollars not good enough to sell the domain name that you purchased for 92 hundred dollars eight months earlier?

Braden: Well, I thought the buyer had a big enough budget to go higher. I think that the name warrants it. Is it a 200-thousand-dollar name? Yeah, for the right buyer. Is it a hundred-thousand-dollar name? Yeah, it is probably worth that too. So, it is the question of a bird in hand, and when to turn it down and when to take the offer. Was I willing to turn down 120? Not really. I mean I pushed them a little bit more, but I would have taken 120. The 250 - I threw that number out there because I knew who the buyer was, so I started high, but I was willing to come down 50 percent.

Michael: Yeah. If it was truly a startup, maybe they were part of Tech Startups or one of the other startup incubators and they had 20 thousand dollars in funding, would that have done a deal if they spent all their 20 thousand dollars on the domain name?

Braden: Oh, no, not this name. I mean I get offers like that all the time and I turn them down.

Michael: So, you were sure in your mind that this was worth at least a hundred thousand dollars and you were not going to entertain anything below that.

Braden: Right.

Michael: Even if it meant you were going to hold on to it for the next ten years.

Braden: You mean the next ten years or 80 more dollars of investment. Who cares? Yeah, for me, it is a buy and hold when I buy names like this. I am willing to wait because big deal. If I can get an extra 50 thousand dollars on a name five years from now, after 40 dollars of investment, who cares?

Michael: Yeah.

Braden: So that is the way I see it. I mean I do not. If I needed the money, I can always flip them faster, but that is not my model. My model is buy and hold. And I set a price. I figure what I think the name is worth, and most of my one-word .COMs, I believe, are in the six figure range. I mean there are of course goofy names out there, but the ones I am buying, I am focused on that. And when I get the offer that makes sense, then I will take it. I mean I have got an offer on a name a couple months ago. A 75-thousand-dollar offer for a name that I had 15 thousand into, and I turned it down because I think it a quarter of a million dollar name. And this is a name I would not take a hundred or 125 thousand dollars for.

Michael: Right. In house flipping, there is a concept called carrying cost, which includes mortgage, expenses, salaries, until the house is sold. You just alluded to this. For those new to the domain name industry, can you describe your carrying costs or ongoing expenses associated with keeping ownership of the domain name, Statement.com?

Braden: Well, listen, I have not, at this point, borrowed any money against any of my names, so there is no cost. So, my carrying costs are eight dollars per year.

Michael: Aside from what you paid for the domain name, which was 92 hundred dollars. You are not paying mortgage interest like you would in a house flip.

Braden: Right, or the property taxes. I am just paying the registration fee of eight dollars and something cents, so that is it. Now, when you have these ten thousand domain names and you are spending 80 or a hundred thousand dollars per year, that could be significant.

Michael: Right.

Braden: But if we are talking about my portfolio of high-value names, I have much fewer of those versus my longtail names. And I look at them a little bit differently. I have got longtail names that I am selling for five to ten thousand dollars a piece, and I have got many thousands of those versus my premium generics, and I have got some dozens of those, but that portfolio is worth much more.

Michael: Right, definitely.

Braden: But I do not spend very much on that.

Michael: Got it. I am sorry, Braden. Often times sellers get caught up in the emotion of a transaction, so you infrequently see home buyers and sellers not using realtors to represent themselves. The realtors remove the emotion from the process. You have a guide. You have a third party who is knowledgeable and has their own opinion about whether you are properly or selling a house at the right amount. Do you think it is necessary in domain name transactions to have a broker as well that removes some of that emotion? In this case, you did not have a broker. You were the buyer of the domain name and the broker. What are your thoughts on using a third party to remove emotion from the process?

Braden: Depending on your experience level, it is probably a good idea because they know how to research. They know how to push. They are not negotiable. They can always defer to, well, my seller just will not do this.

They will not go that low. I have a lot of experience buying and selling names, so I can do it on my own. Not to say that I would not use a broker and I certainly have gotten offers from broker. And I know all the brokers and they are all my friends, so they are great people and they are very good at what they do. I just do most of them myself, at least at this point, and that might change. That might change, because I am limited in how much time I have. So, I probably get one or two offers a day, but if I was getting ten of 15 offers a day, I would probably have someone help me with it.

Michael: Yeah. Seven months into owning Statement.com, when you were getting two offers per month and they were coming in at registration fee or ten dollars, or how much do you want, and you quoted back and said six figures and the conversation died right there, did you ever ping any of your friends, your business colleagues, or other brokers that you know to get their opinion on the sales price of Statement.com before making a decision?

Braden: No. I have a pretty good kind of gut feeling about most of the name, although sometimes I do ask what something is worth. I did not on that name, but I certainly have and would again if I had a 50-thousand-dollar name, and should I hold out or should I take it. I might ask.

Michael: Yeah, okay. In this case, on Statement.com, when you agreed to a purchase price, did you or the buyer want to use a sales agreement or did you go straight to escrow?

Braden: We went straight to escrow.

Michael: Okay, so you started the transaction at an escrow company.

Braden: Yeah.

Michael: Which escrow company did you use?

Braden: They required Escrow.com.

Michael: Okay, and I know all escrow companies charge a fee. They oversee the process and make sure that the domain name gets to the buyer and the money gets to the seller. Who paid the escrow fees?

Braden: They did.

Michael: And that is customary for a buyer to pay the escrow fees?

Braden: It is part of the negotiation. So, what I try to do is I say, "Just send the payment to my attorney." When you go through a law firm, a lot of times they feel comfortable with that, so that is the way I do it to avoid escrow fees and then avoid that extra bit of negotiation.

Michael: Right.

Braden: If they say, "No, well, we just want to use escrow," and this company said, "Everything we run through Escrow.com." I said, "Fine, but you are going to pay the fees," and they said, "Okay."

Michael: Yeah. Okay, cool. I often check EstiBot.com, which viewers of DomainSherpa know it is an automated valuation tool and of course is a sponsor of DomainSherpa.com, but I bring this up because I always like to see if EstiBot is on or off base with its valuations. In the case of Statement.com, it lists the retail value at 131 thousand dollars and it lists the wholesale value at \$7,300. Now, those two numbers are pretty darn close. They are order of magnitude correct with actually what you bought it and what you sold it at. Do you use EstiBot at all during your process?

Braden: No.

Michael: Never used it before.

Braden: Well, I have used it and I am friends with Luke, who built it, but I do not. The thing is that EstiBot has only got so much they can work with. So, they can only take publicly available data and they do not have all of it, so it can be wildly inaccurate and it also will not reflect future trends. So, if there something happening that is something that is coming down the pike, it is not

going to use that in its algorithm. So, if I feel there is an emerging industry and it is appropriate for that, then I am going to assess a value based on that and EstiBot is not going to do that. So, it is interesting. That is the first time I have heard those numbers because I never checked EstiBot.

Michael: Yeah, and I was pretty amazed that it was right on the money, like maybe Braden used EstiBot. And the funny thing is, unless you add more than one domain name to the bulk valuation tool on EstiBot and download the Excel spreadsheet, they do not tell you what the wholesale value is. So, the wholesale of course being domain investor to domain investor, maybe similar to what you purchased the domain for as part of this bulk package. One of the things that I think the industry needs is sharing of information, like you are graciously doing today on this show. Do you plan to make this sale public information on DNJournal.com or any of the third party sites that collect information about domain name sales?

Braden: Well, as soon as you post this interview, it is public. Yeah, I will let Ron know about this sale. There is no NDA. Most of my transactions, there is an NDA, so I cannot talk about it. If I am buying, then I do not talk about pricing. If I sold, it is usually a big company that has a big budget, and so they do not want it known. If I am buying acquisitions for corporate clients, they do not want it known. So, typically I do not have the opportunity to talk about my sales, and then all the sales that are some 25 thousand bucks I never talk about anyway because we get plenty of sales that are in the five to ten thousand dollar range and I do not think those are worth talking about.

Michael: Yeah, all right. Last question for you, Braden. It is a big payday for you. Are you going to buy yourself anything fun from the proceeds? A new car. Jewelry. Electronic toys. Anything like that?

Braden: No. If you knew what my overhead was every month, you (Unclear 31:12.9). Relative to my overall operation, we have got several hundred employees and many offices. It is not that significant in the overall picture, but it is a good sale relative to the price of the name.

Michael: Yeah, it is an excellent sale relative to the purchase price. Congratulations again.

Braden Pollock, CEO of Legal Brand Marketing. Thanks for coming on DomainSherpa's premier show, Profitable Flips, sharing your experience, insights and expertise on successfully flipping the domain name, Statement.com, and thanks for continuing to be a domain sherpa for others.

Braden: Thanks for having me on.

Michael: I look forward to having you back on Profitable Flips the next flip you have. Take care.

Braden: Bye-bye.

Do you have a profitable flip that you would like to share? We have all been on the receiving end of knowledge and advice from others, but would you like to be a domain sherpa, where you give to others without asking anything in return? If so, you might be a good candidate to come on DomainSherpa's Profitable Flips.

To be on the show, a domain investor must meet three criteria: (1) they sold a domain name that was purchased within the past 12 months, (2) that domain name must have a profit from the sale of at least ten thousand dollars, and (3) that profit from the sale must be at least one hundred percent of the purchase price. If you qualify and want to be a Domain Sherpa, click in the upper left-hand corner of any page on DomainSherpa.com, on the link labeled Be Interviewed on DomainSherpa.

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