



Fidelman & Co.



QUESTION

Valuation Multiples: Rows 5 and 6

INSIGHTS

- Ribbon has a Series A investment of \$225 million.
- Homie has Seed and early VC funding of \$10.25 million.

FINDINGS

Two start-ups that focus on buying and selling homes online that have up to Series A investment are Ribbon and Homie. Ribbon has a Series A investment of \$225 million and Homie has Seed and early VC funding of \$10.25 million. While we were able to identify the initial rounds of investment in these two companies, we were unable to identify the valuation multiple. Read below for a deep dive into our findings. The [linked spreadsheet \(9\)](#) has been completed accordingly.

Methodology

While we were able to find the average EBIDTA multiples for real estate (general/diversified): [\(19.90 \(4\)\)](#), real estate (operations and services): [\(11.75 \(4\)\)](#), and computer services: [\(10.74 \(4\)\)](#), we were not comfortable using these for potential triangulation as they are vastly different from Zillow and Redfin, and there is little data on which to project a response.

Given the early stage at which these companies are operating, there are no financial reports available for either of them. Investment raised and annual revenue were easily found on standard business financial websites. We searched Crunchbase and confirmed accuracy with both Craft.co and Pitchbook. Company valuation is not available for either company on any of the websites mentioned above. This is not surprising, as both companies are small, recently formed, privately owned and in a competitive marketplace. These numbers would be closely guarded. We therefore set out to see if we could calculate a company valuation for that field in the spreadsheet. While we realize valuation is a subjective process, we were hoping to be able to come up with a reasonable number using a standard valuation model. We therefore researched the following models.

We started with the website [Mars Network \(5\)](#), which is a resource for entrepreneurs. Their valuation model formulas require three numbers but only one number, amount invested, was publicly available, so we could not use this model. We then attempted to use the valuation model of [Cayenne Consulting \(6\)](#). However, they calculate by asking 25 different questions, some subjective and some requiring data that was not publicly available. Therefore, we could not use this model. We next attempted to use the five-step model to determine company valuation as published in a [Houston small business magazine \(7\)](#), however due to insufficient publicly available information on our two companies we were unable to proceed. We next attempted to use the three business valuation methods of [The Balance \(8\)](#), which are the Asset Based Approach, Earning Based Approach, and Market Based Approach, but found that we had insufficient figures to complete these approaches.

After finding six different models for calculating the valuation of a company, and determining that we do not have the information required for any of them, we completed

the fields in the spreadsheet as N/A.

Key Findings

Ribbon is a privately-owned company that was founded in mid 2017. It has [\\$225 million \(1\)](#) in Series A financing from a single round in Oct 2018. It has reported its first-year revenue at [\\$2 million dollars \(1\)](#).

Homie had [\\$8.3 million \(2\)](#) from three rounds of seed financing. Its last early stage VC funding was [\\$2.25 million \(3\)](#) in January 2019. Their annual revenue is reported as [\\$7 million \(2\)](#).

SOURCES

1) Crunchbase Financial Data for Ribbon

[1] <https://www.crunchbase.com/organization/ribbon-f326#section-funding-rounds>

2) Crunchbase Financial Data for Homie

<https://www.crunchbase.com/organization/homie-3#section-funding-rounds>

3) Homie Company Profile: Valuation & Investors | PitchBook

<https://pitchbook.com/profiles/company/129201-40>

4) What Are the EBITDA Multiples by Industry? See the Stats Here

<https://overheadwatch.com/ebitda-multiples-by-industry/>

5) Business valuation | How investors determine the value of your business | Entrepreneur's Toolkit

<https://learn.marsdd.com/mars-library/business-valuation-how-investors-determine-the-value-of-your-business/>

6) Startup Valuation Calculator by Cayenne Consulting

<https://www.caycon.com/valuation>

7) How to Calculate the Valuation of a Company

<https://smallbusiness.chron.com/calculate-valuation-company-23616.html>

8) 3 Ways to Discover What Your Small Business Is Really Worth

<https://www.thebalance.com/business-valuation-methods-2948478>

9) Valuation Multiples - Client Spreadsheet

https://docs.google.com/spreadsheets/d/1VvD0ufCQI7nVOKFSDj2HQDu8YNWzK9b5cl2_usoM16s/edit?usp=sharing&usp=embed_facebook