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| 12/06/2010 | <p><b>HubPages draws M&amp;A-related interest as internet and media companies explore content strategies, CEO says</b><br/>mergermarket</p>   |
| Story      | <p><b>HubPages</b>, a San Francisco, California-based start-up has drawn a few M&amp;A-related overtures, but is focused on growth and not thinking about an exit at this time, according to CEO Paul Edmondson.</p> <p>The HubPages website, which features user-generated content and a revenue-sharing business model, now has a larger global reach than <b>Associated Content</b>, Edmondson said. Associated Content was acquired by <b>Yahoo</b> for USD 90m in May. HubPages' success has attracted the interest of a "wide range of internet and media companies" navigating their own content strategies, he said. Edmondson characterized many of the conversations as "information sharing" on topics including attracting high quality writers, integrating rich media and lowering traffic acquisition costs.</p> <p>Founded in 2006, HubPages is now a top 50 most trafficked site in the US, according to Quantcast. The company expects to climb to a top 25 to 30 ranking in the next 12 months, Edmondson said. The site had 42m unique visitors in October. Revenue for this year is forecast to come in around USD 10m and to grow to USD 15m to USD 20m in 2011, he said. The topline is growing 7% to 8% per month. "We're getting very close to breakeven," he added. The company has raised USD 8m in funding in two rounds. It currently has 20 employees and expects to expand to up to 32 next year.</p> <p>HubPages publishes roughly 3,000 articles per day from 200,000 contributors, Edmondson said. Authors receive 60% of their stories' online advertising revenue as well as access to the site's SEO platform and rich media tools. HubPages' technology and revenue-sharing model make it unique in the space, he said.</p> <p>The demand for ever-increasing amounts of content has companies like <b>AOL</b> and Yahoo exploring build versus buy options, said Allen Weiner, senior research vice president at Gartner. "It's hard to get scale, curation and monetization to align," Weiner said.</p> <p>AOL has been active in the space, expanding its Seed user-based content platform as well as with acquisitions, such as the deal for <b>TechCrunch</b>. "The content creation business is not easy to scale quickly," Edmondson said, regarding AOL and Yahoo's strategies. Asked if HubPages envisioned an exit like competitor <b>Demand Media</b>, which filed its S-1 in August, Edmondson declined to comment, noting the company is focused on growth.</p> <p>The company's investors include Hummer Winblad Venture Partners and Storm Ventures. It works with the law firm of Orrick, Herrington &amp; Sutcliffe. HubPages is not looking for a financial adviser at this time.</p> <p>by Katherine Hunt in San Francisco</p> |
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