

Website Valuation Calculator Help

Introduction

This Website Valuation Calculator helps you calculate the value of an existing website. This simple guide explains how to use the tool. The white boxes can be modified while the yellow boxes are auto-calculated based on the information you enter. Yellow boxes can't be modified. Remember that you are using the template at your own risk and the information should not be relied on without proper advice.

Quick Start

Enter the information into the white boxes. The yellow boxes change according to the input. Click on the question mark icon or box name link for more information about each field. After you have entered the information and click on the "Show Summary" link. This will display the Summary screen. You can enter additional information in the white boxes. The various calculated information will appear in the yellow boxes.

Detailed Information

The Website Valuation Calculator can help with the process of determining the value of an existing website. The calculator will base its calculations on the information you provide it. Good, accurate information will naturally produce better results. Using the tool is simple. Just enter the numbers for the different fields in the calculator. Each field name has either a question mark or a link that explains the field with a pop-up. Additional information about each field is also available below in this guide.

The Valuation Calculator is divided into two parts. The first part (which appears when you access it) allows you to enter various metrics about the site. This includes information such as, monthly traffic numbers, ad revenue, sales revenue, asking price, as well as various multipliers and more. Once all the information is entered click on the "Show Summary" link. This will bring up another part of the valuation tool - called the Summary Section. The "Summary Section" contains a summary of the calculated fields from the data entry screen as well fields to enter additional information about the web property. You will be able to enter information about other assets, domain name values, equipment, brand and goodwill and more.

The Summary Section will also display calculated fields with various metrics based on the information provided. This includes time to recoup investment, cap rate and more, traffic value and more.

Field Information

The following section will explain each field in the calculator in more detail.

Monthly Traffic

The amount of visitors for the last three months by month. Enter the last month in Month 3, two months ago in Month 2 and three month ago in Month 1. The yellow "total" field displays the total for the 3 months and the yellow "Average" field displays the average monthly number of visitors for the last three months.

Visitor Value

This is the dollar value for each visitor in a month. These range from a few cents per visitor to sometimes hundreds of dollars per visitor. For example, when mySpace was sold each monthly visitor was valued at about \$36. You can find an interesting article about traffic valuation at WebsiteBroker.com. The average a few years ago was around \$38 per visitor.

Ad Revenue

The amount of ad revenue per month for the last 3 months. This would be revenue from sources like Google AdSense, Yahoo Ads, banner advertising, affiliate revenues etc. Enter the last month in Month 3, two months ago in Month 2 and three month ago in Month 1. The yellow "total" field displays the total for the 3 months and the yellow "Average" field displays the average monthly number of visitors for the last three months.

Sales Revenue

The amount of sales revenue per month for the last 3 months. This would be revenue from sales made via the site. Enter the last month in Month 3, two months ago in Month 2 and three month ago in Month 1. The yellow "total" field displays the total for the 3 months and the yellow "Average" field displays the average monthly number of visitors for the last three months.

Mo Multiple

This is the monthly income multiplier. It is the number that is multiplied with the monthly income for the site. Some businesses are sold at a multiple between 2 and 5 times yearly income i.e. 24 months to 60 months.

E-Mail Addresses

The number of opt-in email addresses in the site's newsletter distribution list. This number is multiplied by \$0.50.

Domain Names

The number of related domains included in the sale. This number is multiplied by \$250 per domain,

Asking Price

The asking price or proposed price for the website.

Stated Revenue

The gross monthly revenue for the site.

Stated Expenses

The expenses associated with operating the website.

Click Value Multiplier

This is the amount that would have to be paid to bring one visitor to the website. To calculate this number, you would see how much you would have to pay to a PPC search engine (i.e. Google AdWords) per click for each visitor they would send.

Value based on number of visitors per month

This is an automatically calculated field and is the same as the "Valuation" field in the detail data entry screen. It is calculated by multiplying the visitor value with the average number of visitors per month.

Value of additional domain names

This is an automatically calculated field and is the number of additional domain sold with the website multiplied with \$250. This would be for additional domain extensions of the main domain i.e. ".net, .org" and other variations of the website domain name.

Value of e-mail address database

This is an automatically calculated field and is calculated by multiplying the number of opt-in email addresses in the site's newsletter distribution list with \$0.50 (for each address).

Sales revenue times number of month multiplier

This is an automatically calculated field. This is the value of the business using a more traditional valuation method of multiplying the monthly/yearly revenue with a multiplier of 2 to 5 years (24 to 60 months). It is based on the average monthly sales value (entered in the detail data entry screen) multiplied with the "Mo Multiple".

Additional value of domain name

If the domain name is valuable in itself then you can add it's additional value in dollars here.

Niche market dominance

If the website is in a niche market and is the dominant leader in that niche you can add a "premium" dollar value for the site in this field.

Equipment and other assets

The dollar value of any equipment or other assets included in the sale.

Brand and Goodwill Value

If the website has a recognized or valuable brand you can add the additional dollar value for that here. You can also include any additional value for the "goodwill" of the business here.

Cash and cash equivalents

The dollar amount of any cash or cash equivalents included in the sale.

Other Value

You can use this field to enter any additional amount that was no included in any of the other fields

Debt

Enter the dollar amount of debt owed by the website. Any amount entered will be deducted from the total. There is no need to add any (-) in front,

Total Calculated Value

This automatically calculated field displays the total of the above amounts. It is an approximate value to use in the valuation of an existing website.

ROI in months / year

This is an automatically calculated field and represents the Return on Investment (ROI) expressed in months. It shows how long it would take in month to make back the amount paid for the website.

CAP Rate

This is an automatically calculated field. It is a term borrowed from commercial real estate and is the rate of yearly return for the income based on the asking price.

Monthly traffic value

This is an automatically calculated field and shows how much the traffic to the website would cost each month to buy. It is calculated by multiplying the "Click Value Multiplier" (entered in the detail data entry screen) with the average amount of monthly visitors.

