

Web site creators hope

The Buck doesn't stop here

The site is geared toward young investors. The idea of the founders is to sell it.

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STAFF WRITER

Long-term investments that grow over time? No time for that in the Internet economy.

Even creators of a Raleigh-based Web site that preaches long-term stock-market investments aren't prepared to wait out this year to cash in on their investments.

Justin Keener, 24, of Raleigh and his partners, all in their mid-20s, say they built The Buck Investor site at www.buckinvestor.com with one idea in mind: to sell it.

The business plan goes like this: Build a nice-looking Web site yourself and recruit investment professionals to write, for free, advice aimed at a young audience that

advertisers are clamoring to reach. Once the site has a critical mass of regular visitors, sell the site to a big Internet company.

Keener said the three spent 2½ months and less than \$50,000 designing The Buck Investor, a Web site for young investors seeking to build long-term portfolios. By the end of its first month, the site was attracting 1,000 people per day, and before its first quarter ended, the partners had a six-fig-

ure offer from a publicly traded Internet company.

"Younger people my age are harder to reach," he said. "That's the thing about us that makes us so attractive ... that's the sole reason that we've decided to go after that market."

The partners turned down their first offer, preferring to ride the increasingly popular strategy for a while longer in hopes of a bigger payday.

It's easy to see why, given deals like Yahoo!'s purchase last month of GeoCities. The popular Internet portal and search engine paid some \$5 billion in stock for California-based GeoCities, which hosts home pages for millions of individuals and organizations. GeoCities Chief Thomas Evans' stake was worth about \$200 million.

Keener has his eyes on such a prize.

"We're not at the point yet that we could sell it and make it worth our while," said Keener, director of The Buck Investor. "We need to get our user base up so we can get more money out of it."

Meanwhile, Keener and his partners, Greg Fidan, 22, of Raleigh and Penn Nugent, 26, of Atlanta, are selling advertising in an effort to break even before the big payday comes. They have struck a promotional deal with Investors Business Daily, a financial newspaper. For the banner ads, The Buck Investor gets 1.5 cents every time the ad comes up on someone's screen. And every time a visitor to The Buck Investor Web site signs up for a trial subscription, the partners get \$5.

Such a revenue flow does not a wealthy Web site make. And it's the grim prospect of Internet advertising, which is getting cheaper and cheaper, that makes Keener think that selling the site is the only way to turn a profit.

"They are right in the sense that the Internet advertising model is still a little shaky," said Jim Balderston, an Internet industry analyst for Zona Research in Redwood City, Calif. Buyouts have been a popular exit strategy for all kinds of Internet companies, he said.

But Balderston warned that Keener shouldn't be too picky on the price he gets for the site. He pointed out that an Internet news company, PointCast, turned down a \$450 million offer two years ago; now it is for sale again and will be lucky to get half that.

"There is always a risk when you turn down an offer," he said. "The environment that made you look so cool may change."

The Motley Fool, an Alexandria, Va.-based Web site for investors, has the brand name and content to attract a million visitors per month. Chris Hill, a Motley Fool spokesman, said users range from 25 to 55 years old, and about two-thirds of them are male. As a private company, The Motley Fool doesn't release its advertising revenue.

Hill, who was unfamiliar with The Buck Investor, spent some time sampling it. "It looks as though it is making an effort to educate people, which is great," he said. "When people ask

who The Motley Fool's competition is, I say 'ignorance.'"

For example, a current article on The Buck Investor site describes the pros and cons of Direct Stock Purchases, or DSPs, in which an investor buys shares directly from a company rather than going through a broker and paying a commission.

The site's content is generated by the three owners and contributors from around the country, both visitors to the site and experts looking for a venue to tout their opinions. "We don't pay our contributors a dime," Keener said. "They want to write, so we let them."

A bright red "Important Disclaimer" link reminds visitors that the content doesn't come with any guarantees. The information is for educational purposes only, the statement warns. Users are encouraged to run things by an investment professional before making any decisions.

It's just a reminder that anyone can put up a Web site, and if the life of The Buck Investor goes as planned, it may be a lucrative exercise. Free content and low overhead make the idea of cashing out that much more attractive. The three founders aren't paid and don't rent office space —

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they work out of their homes.

But The Buck Investor's site may leave more in its wake than three happy founders with fat savings accounts. It has introduced a new investment animal to keep the bulls and bears company on Wall Street: the buck.

The buck, the site says, digs in and invests in stocks with a 30-year horizon and without being distracted by short-term fluctuations.

Dr. Campbell Harvey, a finance professor at Duke University's Fuqua School of Business, soon will use that definition among 1,000 new entries in his glossary of financial terms. Harvey licenses the glossary to Web sites like Yahoo!, The New York Times and The Buck Investor.

Building a potentially profitable franchise out of thin air and introducing a new term to the financial lexicon are pretty notable achievements for a group of people barely out of college. But for Keener, it's just the first step in a career.

"This is a steppingstone for something bigger," he said. "It's a good way to develop a background and make some good money while we do it."

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