



# Fiverr Overview

**Mandy, Seller**  
Voiceover artist

**Assaf, Buyer**  
Co-founder, We Are Any

# Fiverr 101

**Fiverr's mission is to change how the world works together.**

Fiverr was founded in 2010 by entrepreneurs who had extensive experience working with freelancers and who had witnessed first-hand how challenging the process can be. To solve these, we've pioneered a **Service-as-a-Product ("SaaS")** model to create an on-demand, e-commerce-like experience that makes working with freelancers as easy as buying something on Amazon.

**Our unique approach fundamentally changes the way businesses and freelancers work with each other.**

## For businesses:

- Finding the right talent, negotiating and contracting used to be a slow, difficult, and costly process; on Fiverr, it's a seamless and intuitive browse, search, and click to order experience, with transparency and certainty on price, duration, and scope of work.
- Traditionally gaining good references and trust is hard and unreliable; on Fiverr, each Gig® shows its transaction history, reviews, and a past work portfolio.

## For freelancers:

- Fiverr's unique e-commerce platform provides freelancers with direct access to the global demand from buyers.
- Instead of spending a large part of their time and effort marketing and bidding on projects, Fiverr brings them customers without any effort on the freelancers' part.
- Once an order is placed, Fiverr provides freelancers with all of the backoffice tools necessary for them to manage and run their business in the most efficient manner.

**Fiverr's digital freelancer marketplace allows us to address a massive market opportunity.**

The estimated United States freelancer market is \$750B annually and we estimate that our current addressable market in the U.S. alone is over \$100B, which will continue to increase as we launch new categories. Fiverr is in over 160 countries, yet approximately 70% of revenue today is generated from English-speaking countries. We believe the shift to an on-demand, online, and

## OUR VALUE TO BUYERS

-  Transparency and certainty of price, scope of work and quality and speed
-  Value for money
-  Access to an expansive catalog of digital services
-  Access to a diverse pool of freelancers
-  Trusted brand for customer service

Buyer NPS: **61**

## OUR VALUE TO SELLERS

-  No bidding / negotiation to win projects
-  Maximize deal-flow
-  Flexibility and control
-  Frictionless payment and business support
-  Credentialed storefront
-  Success management and support

Seller NPS: **65**

**We estimate that our current addressable market in the U.S. alone is over \$100B.**

flexible workforce is a long-term global trend and international expansion presents a very large opportunity for our future growth.

### Technology is at the heart of everything we do at Fiverr.

Our technology platform has evolved and advanced significantly over time to support our rapid growth and increasing scale.

- Our digital service **catalog infrastructure** has grown from 8 categories back in 2010 to an expansive catalog of over 250 categories from logo design and voice-overs, to our latest categories of 3D product animation and desktop and mobile game creation in Q2 2019. Recently, we have also rolled out a few cross-category Fiverr Stores to address specific industry use cases.
- We have developed a proprietary **liquidity management** system, putting **9 years of transaction and behavioral data** to use, allowing us to match buyers and sellers at the Gig level in a personalized fashion. This takes into account many data points such as budget style, design taste, and purchase patterns.
- We have developed a comprehensive set of **rating and reputation, scoring, and leveling systems** and continue to iterate and enhance our machine learning algorithm to improve the quality of Gigs and sellers on our platform.
- We continue to develop new features and tools to provide value to our buyers and sellers in areas such as **payments, communication, collaboration, and automation**. Some recent developments include the rollout of foreign currency capabilities, a partnership with Zoom for video conferencing, and the most recent - Fiverr Studios.

### Our business model is simple and straightforward.

We generate revenue primarily through transaction-based fees. When an order is placed, buyers pay Fiverr the Gig price plus a 5% service fee with a minimum service fee of \$2; upon successful completion of an order, Fiverr makes 80% of the Gig price available to the seller of the Gig.

As a marketplace, we succeed when our buyers and sellers succeed. Our marketplace model benefits from a **powerful flywheel effect**: as more buyers join our marketplace, they bring in more jobs which in turn drives more demand for our sellers. This attracts more sellers to join our platform, who will list more service offerings which in turn gives our buyers more selection,

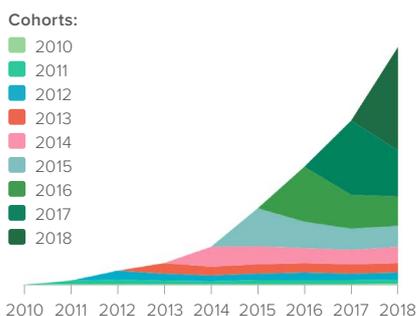
#### FLYWHEEL EFFECT

Our marketplace model benefits from a powerful flywheel effect.



#### CONSISTENT COHORT BEHAVIOR WITH MAJORITY OF REVENUE FROM REPEAT BUYERS

Revenue composition by annual cohort 2010-2018



better quality, and more value for their money, which leads to more repeat and more cross-category purchases.

We have enjoyed **strong and consistent behavior across all our annual buyer cohorts**. As shown in the figure on the side, the aggregate spend of each cohort stabilizes after the first year and continues to contribute to a consistent stream of revenue from the second year onwards. For the first half of 2019, we have continued to see consistent behavior across our 2010-2018 cohorts, and the new 2019 cohort presents a similar pattern as those from prior years. We believe that this consistent cohort behavior provides us with revenue visibility and predictability.

**We have adopted a bottom-up approach in our marketing strategy that does not require a sales force.**

We target individuals who work in various business functions at companies of different sizes across many industries: the kind of “office heroes” who just get things done — within their deadline and budget constraints.

The majority of our new buyers are acquired from non-paid, organic sources. That is complemented by highly effective performance marketing and brand investments across a variety of channels. Our performance marketing spend on buyer acquisition is highly disciplined and efficient, governed by time to return on investment, or tROI. Over the past 2 years, we have consistently achieved tROI of less than seven months. Our performance marketing investments are seasonal and we typically see the highest investment in the first quarter of each year to match the spending pattern of businesses as well as to drive growth throughout the year.