

'Data geek' brings algorithms to online charity auctions

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Jon Carson, chief executive of charity auction site BiddingForGood, a serial entrepreneur who started his first business -- delivering beer kegs to fraternities -- as an 18-year-old college student, Carson's latest venture is a bid to marry the Internet with charitable fundraising.

Jon Carson, chief executive of charity auction site BiddingForGood, describes himself as a "data geek with a social bent."

A serial entrepreneur who started his first business -- delivering beer kegs to fraternities -- as an 18-year-old college student, Carson's latest venture is a bid to marry the Internet with charitable fundraising.

Founded in 2003, the Cambridge, Massachusetts-based BiddingForGood employs 45 employees and last month passed the 100-million-dollar mark in funds raised to support non-profits, charities and schools across

the United States.

"If you look at the charity auction market, it's quite a bit bigger than most people think," Carson told AFP in an interview. "It's around 16 billion dollars in total annual transactions.

"But it suffers from a whole bunch of inefficiencies, which as a technology entrepreneur you kind of want to see," he said.

"The problem is that charities are putting an artificial constraint of time and geography on the bidders," Carson said. "You have to be at the Westin Hotel at 7:00 pm on Saturday night, for example.

"So 80 percent of your donor base is not participating," he said.

"The notion that you could expand the bidding pool to 100 percent of the donor base, as opposed to the 10 percent or 20 percent that show up at the gala, to me it was like 'That's just a math problem.'"

Last year was the first in decades that charitable giving went down in the United States and Carson said BiddingForGood offers a "viable path for groups as they struggle to find ways to raise more revenue."

The 53-year-old entrepreneur said he has always been interested in companies "that are hitting a broader social dynamic."

"My first one was in college," he said. "It was social but probably in a little different way. It was delivering kegs of beer to fraternities around Boston." Carson sold that business in his senior year.

His next startup was a business consulting firm Strategy Associates, which he sold to an insurance company.

Carson went on to found the FamilyEducation Network, an online education company, selling it to textbook publisher Pearson for 175 million dollars in 2000.

Carson had essentially retired when he was approached by investors about applying his technology savvy to the charity auction space.

"What I liked about it was that you had this very measurable way to expand the fundraising capacity of a sector," he said.

Carson said 260,000 fundraising auctions take place in the United States annually, most of them by schools, and "they've been more art than science."

"We're trying to make this more science than art," he said.

Carson has applied his "data geek" side to online charity auctions with algorithms that help non-profits predict their total raise, electronic bid alerts and detailed tracking and performance tools.

"We've built intelligent bid alerts so the bid alert you get changes based on what day of the week it is and where an auction is in its cycle," he said.

BiddingForGood also helps groups find the most generous merchant donors in their area and provides training videos.

Carson said carving out a niche in the charity space has not been easy.

"It was a very hard market to get started in," he said. "It took us 45 months to run our first thousand auction events and it took 14 months to run the next thousand."

This year, BiddingForGood expects to run 3,600 auctions and the site now has more than 200,000 registered bidders.

Items auctioned off over the years include a yellow jersey worn by Lance Armstrong in the 2004 Tour de France, which sold for 110,000 dollars, a stapler autographed by Paris Hilton (4,100 dollars), and an Oscar gift bag from actor George Clooney (45,100 dollars).

"We also secure bulk item donations from marketers who want to reach the mass affluent through their causes just as they're making impulse decisions," Carson said.

BiddingForGood takes a 33-percent revenue share from the items provided by marketers with the charities getting the remainder.

It charges non-profits a 595-dollar annual subscription fee for unlimited use of the platform and also takes a percentage of sales.

Carson said BiddingForGood is "profitable some quarters" but it's biggest benefit comes from "allowing thousands of nonprofits to be better fundraisers."

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