

Wahooly peddles influence to boost startups

January 31 2013, by Neal St. Anthony

Dana Severson, a onetime business marketer and freelance writer, is gaining notoriety - if not big revenue - at the intersection of social media and finance for his "Wahooly.com" - a startup business that matches online "influencers" who can draw attention to fledgling businesses.

"We're like Kickstarter, only instead of people contributing money, we try to influence money," Severson said.

Severson's outfit launched last year with \$750,000 invested by individual [angel investors](#). The six-person company is based in a small office in St. Michael, Minn., about a half-hour northwest of downtown Minneapolis.

A few weeks ago, Wahooly announced an expanded partnership with Klout.com that will allow Wahooly to connect influential online users to more-mature startups. The idea is to "create an online marketplace of rewards for promoting and helping those startups."

Klout is a company that scores how influential people are online by tracking a person's visibility on Facebook ("likes" or "friends"), Twitter ("retweets" or "followers") or LinkedIn ("job title," "connections" and "recommenders"), among other metrics. A mention on [Wikipedia](#) helps a lot, for example.

The person's digital footprint is calculated on a scale of 1 to 100. (President Barack Obama is a 99.)

So where does Wahooly.com fit in?

"We select companies through an application process and only work with people in the top 10 percent of online influence. We measure influence through Klout."

Wahooly plans to make long-term money by getting a stake in companies it promotes.

"We take a small percentage of equity (1 to 8 percent) in each company on our platform ... an average of \$75,000 worth of shares," Severson said. "Much like a private equity fund. We retain half of the cash generated from the liquidity events."

So far, Wahooly has 32,000 social influencers involved, he said, and more than 700 startups have applied to be part of the program. "Of those who applied, we accepted 24 to date," Severson said. "We have a goal of 150 startups in our program by the end of 2013."

One of the companies Wahooly has taken a stake in is Frostbox, a British company that backs up Facebook pages and other online data.

"Until they came to Wahooly, they were pretty unknown, but they have a valuable product," Severson said. "We launched them on Wahooly.com, in partnership with Klout. Within 48 hours, we had 2,000 influencers who were participating in the Frostbox on our system. Those 2,000 people are all working to make Frostbox more popular. They do that through Twitter and Facebook. We track those 2,000 people, and we reward them with points, based on how impactful their messages (are)."

If Frostbox has a liquidity event, such as an acquisition or an IPO, Wahooly would take half of the net result, Severson said. "Say it's \$1 million; we would share \$500,000," he said.

Wahooly's influencers potentially could get a small slice of the action,

depending upon how influential they are. And influencers who don't want to hang on to a tiny slice of risky private stock can choose in some instances to get a smartphone or other product through the Wahooly-Klout connection.

"If you've helped a young company gain traction, you can theoretically get something back right away," Severson said.

Wahooly is interesting enough to have merited coverage from online publications such as Venture Beat and Mashable. Last year, Klout CEO Joe Fernandez told Mashable that his users "tend to be some of the most passionate early adopters on the Web and love having access to exciting new products like Wahooly."

The trade publications also raised ethical questions about whether Klout-Wahooly influencers should disclose their relationship with Wahooly when they're praising Wahooly-promoted companies.

"We automatically disclose with a 'disclosure bar' on that person's page ... the relationship with our company," Severson said. "It's a much bigger debate within the industry, but we play by those rules."

Severson, 36, married and the father of three kids, has worked in advertising and also wrote a monthly magazine column about entrepreneurs. He's paying himself less than his old day job, but he had to find out if he could succeed with his innovation in the [startup](#) world.

"The biggest challenge for young companies is investment and traction and momentum," Severson said. "In the tech world ... you need customers and users. And it's difficult to figure out which one comes first."

(c)2013 Star Tribune (Minneapolis)

Distributed by MCT Information Services

Citation: Wahoooly peddles influence to boost startups (2013, January 31) retrieved 25 April 2024 from <https://phys.org/news/2013-01-wahoooly-peddles-boost-startups.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.