Product Profile

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Product Description

Redbeacon enables consumers to connect with the right local business or individual to handle their service needs. On Redbeacon.com, consumers can describe what they need done and specify when and where their job should take place. Redbeacon uses patent-pending machine learning and semantic technology to determine the best local service providers for the job. If selected, service providers are notified and given the opportunity to submit a price quote to do the work. Consumers can select and book appointments with their top choice service provider based on business profiles, price quotes, and ratings and reviews from past Redbeacon consumers. Unlike other local search websites which simply return local business listings with ratings, Redbeacon helps consumers determine the right service provider for their specific needs, and then allows them to compare prices and book appointments online with zero hassle.

To create a seamless user experience, Redbeacon combines aspects of Craigslist (local service listings), eBay (service providers submit bids for jobs in an 'auction-type' format), Yelp (service providers have business profiles and receive ratings/reviews from previous customers), and OpenTable (consumers can book appointments online). At launch, Redbeacon will contain thousands of providers in over 300 professions (from Accountant to Yard Worker) who have registered to receive job leads and offer price quotes on the jobs. Service providers can create multiple skill profiles, so they can be an electrician-by-day, math tutor-by-night, and piano teacher-by-weekend just by setting their availability settings for each profile as appropriate.

For consumers, Redbeacon solves a number of problems. First, it alleviates the need to determine the right profession for a given service need. If consumers enter, "mow my lawn," Redbeacon understands they need a lawn care worker. Second, Redbeacon helps consumers find service providers who are best qualified for their particular job (e.g., not just any plumber, but a plumber who specializes in water heater installations). Third, Redbeacon filters out service providers who are not available at the time and place the consumer needs, meaning it's no longer necessary to call around to check availability. Fourth, Redbeacon ensures that consumers receive a great value every time because service providers compete for their business (both in terms of price and quality). And finally, Redbeacon provides the convenience of booking service appointments online, thereby avoiding the time and hassle of multiple phone calls.

For service providers, Redbeacon also solves big problems. First, it helps them acquire new customers for their services at the precise moment when the customer is looking for the service they offer. Second, Redbeacon helps service providers fill gaps in their schedules because they only get notified of jobs for which they're available. Third, Redbeacon improves marketing efficiency because service providers only pay if they win the job. It costs nothing to receive job leads or submit price quotes. Finally, Redbeacon allows freelancers and independents with various skills to earn money on the side – perfect for a down economy with high un/underemployment.

Online local search is a huge market, estimated at $14B and growing fast. Revenues grew 58% in 2008, more than double the rate of web search. However, there is no clear market leader and we believe Redbeacon brings together the right technology, user experience, and business model to revolutionize the space.

Business Model

The Company's primary revenue source is a commission paid by service providers for jobs they win through Redbeacon. Unlike Service Magic (an IAC company with $124M annual revenues), Redbeacon does not charge anything to register a skill profile or even to receive qualified job leads from customers. Service providers are only charged if and when consumers select and schedule real jobs with them.

Redbeacon's commission is 10% of the job's value when a service provider quotes a price to complete an entire job, or 10% of their hourly fee (up to the first 5 hours) if they quote a per hour rate. Interviews and surveys with service providers indicate they believe a 10% commission is fair and reasonable and they are excited at the prospect of only paying if they win the job because it represents a more efficient spend than 'pay per lead' or 'Cost per Click' ad models.

Redbeacon is completely free for consumers to use.

The Promise

Redbeacon promises to be the single destination to request or provide virtually any local service. It is the first website to focus on providing value and useful functionality to both consumers and service providers alike.

Consumers feel confident they're getting great prices because they can easily compare price quotes across multiple service providers. They also enjoy the convenience of booking their appointment online at the time and place they want the job done. With ratings and reviews, business profiles, and clearly displayed credentials and qualifications, consumers also feel comfortable they're selecting someone who provides high quality service.

Simultaneously, Redbeacon creates a better economic value proposition for service providers who can create skill profiles and specify times and places they want to work. Service providers never need to worry about wasting marketing dollars on Redbeacon because they only pay a commission if they win the job.

Unlike the plethora of niche sites that cater to a single profession (e.g., housecleaners, tutors, lawyers), Redbeacon is a one-stop destination for mainstream services, such as plumbers and electricians, as well as long-tail services such as snow shovelers and Swahili language tutors.

Finally, Redbeacon is the only website where consumers can go to for urgent or immediate requests (e.g., "I need someone to change my tire immediately") and get back price quotes and Estimated Time of Arrival from available service providers in their area.

As more consumers and service providers use Redbeacon, machine learning algorithms continue to improve matching between requests from consumers and service providers capable of fulfilling them. Redbeacon's ultimate goal is to interpret every possible service request and find the best service providers to fulfill them at the time, location, and price the consumer needs.

Competitive Landscape

With a market this big, there is room for multiple players, methodologies and geographic foci. It is a highly fragmented market, undergoing great change and transformation. But at the highest level, local search today can be classified into four models:

1. Business Directories have comprehensive listings but are essentially limited to browsing and searching with map overlay functionality. When consumers need to look up plumbers in their area or find specific phone numbers and addresses, they are sufficient, but only slightly more powerful than paper-based phone directories.

2. Rating and Review Sites are useful in making decisions about specific service providers, but limited in their functionality and narrow in their use cases. They don't attempt to understand consumers' particular service requests, and they don't provide price quotes or allow jobs to be scheduled online.

3. Lead Generation Sites forward requests from consumers to service providers in their area. Contractors often complain about high fees for registering and receiving job leads, while consumers complain about countless unfiltered phone calls from service providers who may have received their lead.

4. Marketplace Sites are essentially free classifieds listings. Users post service needs or service offerings and hope the other party discovers it. They provide highly variable experiences based on who has recently posted listings and the amount of spammy responses consumers inevitably receive.

Redbeacon attempts to straddle these four models, taking positive elements from each. It has powerful search algorithms, decision support tools such as business profiles and ratings & reviews, a comprehensive base of consumers and service providers registered with the site, and a lead generation business model. However, Redbeacon is differentiated in that it attempts to match service requests to the best service providers for the job rather than return a list of all service providers in the area. In addition, Redbeacon has innovated the space by soliciting price quotes on behalf of consumers, and allowing job to be scheduled online at the touch of a button.

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