

# REALBIZ MEDIA GROUP, INC.

## Cutting Edge Media Technology Primed for Broad Deployment

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May 10, 2013

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### REALBIZ MEDIA GROUP, INC. (OTC:QB – RBIZ - \$1.75)

Price Target: \$4.00

Rating: Speculative Buy

### COMPANY SNAPSHOT

RealBiz Media Group, Inc. is a real estate media services company whose proprietary video processing technology has made it one of the leaders in providing home virtual tours to the real estate industry. Its client base includes more than 60,000 real estate agents and brokers. Through its wholly owned Home Tour Network, the Company also includes a television video on demand network. The Company is targeting delivery of its multimedia Video on Demand platforms to more than 70 million households along with a supporting web portal and an agent-driven Micro Video App program.

### KEY STATISTICS

Price as of 5/9/13	\$1.75
52 Wk High – Low	\$3.90 – 0.35
Est. Shares Outstanding	6.5M
Market Capitalization	\$11.4M
3 Mo Avg Vol	3,700
Exchange	OTCQB

### COMPANY INFORMATION

RealBiz Media Group, Inc.  
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 Weston Florida 33331  
 954.888.9779  
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### INVESTMENT HIGHLIGHTS

**RealBiz Media Group, Inc. is on the cutting edge of a fast-growing, high value digital media platform for the real estate industry.** Based on recent transactions, we believe that RealBiz's market could be valued in the billions. Consumers and agents routinely use Web and technology tools to research and execute real estate transactions, driving growth.

**The Company is leveraging \$30M and 28 patents associated with the proprietary video creation and delivery platform to emerge as the real estate industry's digital video marketing and advertising go-to firm for Web and mobile applications.**

**With a client base of over 60,000 real estate agents and brokers, RealBiz is a leader in the creation and delivery of virtual home tours used in real estate listings.** Through its wholly owned Home Tour Network, RBIZ includes a television video on demand network, which can be seen on major cable platforms Comcast and Cox in Atlanta, GA and Las Vegas, NV.

**Via its unique partnership with Realtor.com, which includes building a library of virtual home tours on demand, RealBiz is targeting delivery of its multimedia Video on Demand platforms to more than 70 million households.**

**Based on the just announced acquisition of RBIZ comparable Market Leader (NASDAQ – LEDR) for \$355M, or 6x projected FY13 revenue, we believe that as RBIZ further penetrates its markets, substantial monetization and revenue sharing will occur.** Considering there are few head-to-head competitors with its technology and reach, RBIZ could even become the next M&A candidate. We rate these shares Speculative Buy with a \$4.00 price target.

## REALBIZ MEDIA GROUP, INC. (OTC:QB RBIZ)

### COMPANY OVERVIEW

RealBiz Media Group, Inc. is a real estate media services company whose proprietary video processing technology has made it one of the leaders in providing home virtual tours to the real estate industry and its client base includes more than 60,000 real estate agents and brokers. Through its wholly owned Home Tour Network, the Company also includes a television video on demand network. The Company is targeting delivery of its multimedia Video on Demand platforms to more than 70 million households along with a supporting web portal and an agent-driven Micro Video App program.

Currently, the Company markets promotional services to listing agents and brokers through its proprietary video processing technology or virtual home tours. RealBiz has positioned itself in the following areas:

Real Estate Video on Demand Channel – Through its Realtor.com-partnered Home Tour Network, which has its own channels on Comcast’s cable network in Las Vegas, Nevada, and Cox Communications in Atlanta, Georgia, RBIZ creates the high-end video home tours viewed in the channel, on behalf of local real estate agents. In return, RBIZ earns commissions and fees on home sales, pre-roll/post-roll advertising, banner ads and cross-market advertising promotions. The Company also charges a listing and marketing fee and earns revenue from web-based and mobile advertising. With the help of Realtor.com, management hopes to eventually reach 70 million households in 180 cities nationwide. RBIZ enjoys access to the nation’s largest real estate companies with numerous approved vendors and national contacts, both key to its future development programs.



Image I. HomeTourNetwork Screenshot  
 Source: www.RealBizMedia.com

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Website and Mobile Applications - RBIZ is developing an upgraded real estate web platform to work in conjunction with its national Video on Demand (VOD) Television Platform. This site will be unique to the world of real estate search sites on multiple levels as the user experience will be completely visual and video centric and could foster interactivity with local neighborhoods as part of the overall listings search and home buying process. On behalf of Realtor.com, the Company will be building a video library of created or converted digital media that can be viewed through a wide host of web or mobile applications and mobile devices. Importantly, this Virtual Tour technology is a totally automated system that builds tours, creates video, and automatically syndicates them to popular search engine portals, including YouTube, all without any agent intervention, thus saving time and money for the Broker/Agent. Plus, videos can be viewed in HTML 5, which requires no use of Flash and can be linked with social sites, YouTube, etc. Already 30,000 agents have used the tools and given the Realtor.com relationship, the order flow could be huge for the Company.



Image II. Virtual Tour Screenshot

Source: [www.RealBizMedia.com](http://www.RealBizMedia.com)

Separately, the Company has a division that holds real estate licenses in 19 states that generates revenue via commissions, fees, etc.

### POSITIONING

Much like essentially every industry, the proliferation of the Web and the mobile Web has had a material impact on the real estate industry. Virtually all prospective buyers routinely search the Internet as part of virtually every stage of the real estate purchase process. As technology has progressed, so too has the use of various tools (such as virtual tours) and multiple web sites, listings, information sources, etc. While this is a trend that has been building for years, the severe downturn since 2008 only had an impact on the growth of the companies until recently.



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Over the past year, virtually all stocks related to real estate have screamed higher, in response to the start of a resurgence in the market. Companies such as Trulia (NYSE – TRLA), a provider of tools to real estate pros, Reaology (NYSE – RLGY) a conglomeration of real estate agencies and service providers, and Zillow (NASDAQ – Z), the provider of an online portal and marketplace have all risen sharply higher due to a big rise in business.

As business has enjoyed a mini-boom, key companies in the space have taken advantage of the current environment to execute mergers and acquisitions, which bodes extremely well for RealBiz Media. Realtor.com has completed a handful of acquisitions and RBIZ comparable Market Leader (NASDAQ – LEDR) a popular provider of digital and other marketing tools to real estate professionals, announced it is being acquired for \$355M by its larger competitor, Trulia. Based on this transaction, the assumed valuation for LEDR is around 6x projected FY13 revenue.

We believe that the multi-pronged strategy engaged by RealBiz leadership could ultimately result in an acquisition as well, and perhaps at a valuation higher than the Trulia/Market Leader deal.

Unlike Trulia, which tends to target the professional side of the market, RealBiz is poised to generate revenue by providing a platform monetizer via its revenue generated by real estate pros and consumers alike. Offering a platform from which to provide rich media content services and delivery through traditional media (television), traditional web and the mobile web, along with partnering with the number one brand name in the space, could put it head and shoulders above the rest of the pack.

In the meantime, in order to assure success as a technology provider, media services and content management entity, the Company needed to procure senior intellectual capital from a variety of sources. As illustrated below the RealBiz team is not just long in terms of number, but it is long on experience as well.

### THE REALBIZ MEDIA TEAM

#### **Bill Kerby - Chairman & Chief Executive Officer (Next 1 and RealBizMedia Group)**

- Chairman and architect of RealBiz Media Group Inc.
- Chairman, CEO and Founder of Next One Interactive
- Chairman, CEO and Founder of Extraordinary Vacations
- Entrepreneur and CEO with 24 years in Media & Travel Industry/10 years in financial industry
- Founder of TravelByUs - 21 Travel acquisitions and NASDAQ small cap
- Founder of Leisure Canada - 210 Agencies, international tour operations and magazines
- Owner, Thrifty Car Rental British Columbia



## REALBIZ MEDIA GROUP, INC. (OTC:QB RBIZ)

### **Don Monaco – Director (Next 1 and RealBiz Media Group)**

- Over 18 Years as a Partner and Senior Executive and 28 years as an International Information Technology and Business Management Consultant with Accenture, in Chicago
- Principal owner of Monaco Air Duluth, LLC which is a full-service, fixed-base operator aviation services business at Duluth International Airport serving airline, military and general aviation customers
- Master's and Bachelor's degree in computer science engineering from Northwestern University
- Commissioner on the Metropolitan Airports Commission
- Commissioner and Vice-President of the Duluth Economic Development Authority (Duluth Mayor appointee)
- President of the Monaco Air Foundation, Secretary-Treasurer of the Miller-Dwan Foundation, Treasurer of Honor Flight Northland, Treasurer of the Duluth Aviation Institute, Co-Chair of the Northern Aero Alliance, and a member of Lake Superior College's Center for Advance Aviation Steering Committee

### **Rob A. Buntz, Jr. - Director**

- Served as a director of the Company, including Webdigs, Inc., since May 2007 and has been an entrepreneur for more than 30 years and a real estate broker for more than 25.
- Developed the award-winning Bluefin Bay on Lake Superior, Tofte, Minnesota, and helped create the North Shore Commercial Fishing Museum, and one of the first rural affordable housing projects, Tofte Homestead.
- From 1984 through 2006, was the owner and operator of Tofte Land Co., Inc., a real estate holding and brokerage firm.
- More than 25 years of hospitality experience as an owner-operator of destination properties and has served on the board of directors of the Explore Minnesota Tourism Council and the (Minnesota) Governor's Tourism Advisory Committee for more than 15 years.
- The past-chair of the board of the American Museum of Asmat Art and received the (Minnesota) Governor's Entrepreneurship Award from Governor Rudy Perpich and the Outstanding Individual in Tourism Award from Governor Jesse Ventura.
- He is a graduate of Grinnell College.

### **Doug Checkeris - Acting CMO RealBizMedia Group/ Director Next 1**

- A senior Media and Advertising Executive with nearly three decades of hands-on management in all facets of interactive media
- Doug has 14 years of service with Mediacom where he rose through the ranks to become the CEO of Mediacom North America (until recently retiring) with headquarters in New York. Mediacom had close to \$18 billion in global billings 4600 employees and 116 offices in 89 countries. Mediacom provides and specializes in business-building media solutions for some of the World's largest and well known advertisers.
- Prior to Mediacom, Doug started his career in a media company in Toronto Canada and was a partner when the company was acquired by Grey Worldwide and the WPP Group.



## REALBIZ MEDIA GROUP, INC. (OTC:QB RBIZ)

### **Phil Bliss - Acting CTO RealBiz Media Group /Director Next 1**

- President of Academia which has created numerous University Websites
- National and International track record includes many technology, educational, non-profit and American Indian companies including the Smithsonian Institution, University of Toronto, Brock University, Microsoft, NEC, Samsung and Cisco Systems
- A technology, marketing and business strategist with the hands on knowledge that turns ideas into results, thereby keeping him at the forefront of the digital media development for the past twenty years

### **Adam Friedman - Chief Financial Officer (Next 1 and RealBizMedia Group)**

- Over 25 Years of Experience in Accounting & Finance, Human Resources, SEC reporting, Planning, Budgeting, M&A, Equity Raising and Operations
- Television industry experience working for NBC and Telemundo
- Experience in Print Media , Public Accounting, Healthcare, and Marketing
- Academic degrees include BSM Accounting and MBA in Management

### **Steve Marques – President and CRO RealBiz**

- President and Chief Revenue Officer of RealBiz Media Inc.
- Vice President of Global Sales Iseemedia
- Vice President of Marketing Omnigon a San Diego based Bio-tech Company
- Management & Sales Experience in both Computer and Internet media

### **Pat LaVecchia – Advisor (Director Next 1)**

- Over 20 Years of Senior Experience on Wall Street and currently serves on the Board of Directors as Vice Chairman of InfuSystem Holdings Inc.
- Board member of Technology Innovator Acquisition Ltd. and managing partner of Sulla Global Partners, LLC an advisory firm focused on China and Southeast Asia
- Council Member of the NYSE Amex Listed Company Council, an advisory group to the NYSE Euronext Companies
- Previously served as Group Head of Global Private Corporate Equity Placements at Credit Suisse First Boston, Managing Director and Head of the Private Equity Placement Group at Bear,Stearns & Company, Managing Director and Group Head of the Private Finance and Sponsors Group at Legg Mason Wood Walker, Inc., and Managing Director and Head of Capital Markets at FTN Midwest.
- In addition, Mr. LaVecchia was a private equity investor and Senior Managing Director at Hawk Holdings, LLC, an investment and holding company that was a joint venture involving Qwest Communications.
- MBA from The Wharton School of the University of Pennsylvania, BA, magna cum laude, from Clark University , Wharton Ambassador and has also been a judge of the Wharton Business Plan Competition



## REALBIZ MEDIA GROUP, INC. (OTC:QB RBIZ)

### Warren Kettlewell - Advisor (Director Next 1)

- President and CEO Cardar Investments, a privately owned investment company involved in real estate development and with several significant U.S. venture capital firms
- Major shareholder and advisor to Cango Petroleum, a mid-to large chain of retail gas stations in Canada
- Commenced business career in manufacturing building one of Canada's major plastic food grade packaging companies (Innopac) with 20 plants throughout Canada and the United States
- Involved with Next One Interactive, Inc. since early 2006

### RISK FACTORS

In our view, RealBiz's biggest risk factors are the typical issues firms that engage in a revenue-sharing and advertising generated model. Slower deployment and lower than expected advertising due to TV ratings or Web visitors, could negatively impact the Company's growth. The Company could also receive less than expected average returns based on changes in industry metrics. Finally, competition from larger firms or even from newer entrants is another typical concern and is also consistent with firms of RealBiz's size and standing. However, we believe that management's positioning of the Firm has enabled it to have a meaningful head start over competition of all sizes and would likely foster "co-opetition" (a combo of competition and cooperation) instead.

### CONCLUSION

RealBiz Media Group, Inc. is on the cutting edge of a fast-growing, high value digital media platform for the real estate industry. Still, pending further clarity on future penetration and revenue generation (beyond its \$1M annual revenue run-rate from its static business) we have elected to defer engaging in financial projections at this time. The current structure of the Firm is based on financial transactions that occurred in the second half of 2012. For example, the current shares outstanding is roughly 6.5M with only a few hundred thousand shares in the public float. This fact is a double edged sword as there is not a great deal of liquidity and the stock could be subject to swings and spreads, but the market isn't flooded with paper, either. However, there are provisions which could prompt investors to convert financial instruments into common shares within the next 2 years, driving the share count markedly higher. We are not concerned with the dilutive effect at this time as it is hard to predict. Plus, given the type of growth that lies ahead, we believe that investors will be rewarded.

For example, based on recent transactions, we believe that RealBiz's market could be valued in the billions. Consumers and agents routinely use Web and technology tools to research and execute real estate transactions, driving the industry market size ever higher. The Company offers its platform to provide rich media content services and delivery through traditional media (television), traditional web and the mobile web. Furthermore, our confidence in management's success is aided by the partnership with the number one brand name in the space (Realtor.com).



## REALBIZ MEDIA GROUP, INC. (OTC:QB RBIZ)

Based on the recent Market Leader acquisition and expected broad deployment of the Firm's offerings, we have a great deal of confidence that the stock will gain considerable accumulation as the RealBiz story is told to the Street. Considering there are few head-to-head competitors with its technology and reach, RBIZ could even become the next M&A candidate. We rate these shares Speculative Buy with a \$4.00 price target.



## REALBIZ MEDIA GROUP, INC. (OTC:QB RBIZ)

### Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

### Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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