

What is Product Equity Value©?

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Product Equity Value© is the "free equity" Black Swan of economics! Product Equity Value© is the giving of duly-registered shares in a new type of customer-owned LLC (Limited Liability Company) Public Company in a "quid pro quo" exchange for the guaranteed cash payments on the first trading day where the free shares are worth more than the product or service purchased. The Discovery of Product Equity Value© What Product Equity Value© first does is measure the amount of equity value in a public company's capitalization that is directly attributed to an individual's purchase. This equity value is then given to the individual in the form of free shares because the Product Equity Value© was created by the individual's purchase "it's a paradigm shift where consumption is driven by free equity instead of opposite a.k.a. free credit. What we now know is summarized below. When 46% to 69% of the equity of new public corporations is given free to a precise number of customers (14 million customers each receiving 2 shares) simultaneous to their purchasing of products or services, then the value of the free shares is always greater by 3, 5, 11, 20 or even 40+ times the price of the products or services. The formula creating these multiple values only works for new public corporations. This formula is $X=(A*B/Y)/C$ where X is stock price, A is revenue, B is earnings rate (expressed as a percentage of revenue), Y is shares outstanding and C is an acceptable rate of return. We use this formula to show how public companies create multiple values for their shareholders. The formula is integrated into a complete business system that favors customer-owners for whom the new 'free' corporate model is intended. When used to its maximum potential, a new financial paradigm is ushered in.

For example, 14 million customers can own a public corporation with a \$1 product or service. A 63% earnings rate is realistic because economies of scale will be reaped from the elimination of traditional costs associated with marketing, advertising, sales and excess inventory. With 61 million shares authorized, the corporation allocates 3 shares each to the 14 million customer-owners. A 3% return on investment brings the corporation's stock price to \$4.82 per share.

Example one

Since the customers paid \$1 for the product or service and have received 3 shares now worth \$14.46 (or \$4.82 times 3), the Product Equity Value© of the product or service is 14.46 times \$1.

This is the same as if a person bought a bag of rice for \$1 and got back \$14.46 in cash everyday or as often as a new corporation with a product or service is started where the buyer is one of the 14 million customer-owners. Except the customers receives free shares adding to their appreciating savings account cause by purchasing products and services from new public companies offering Product Equity Value©.

Example two

X stock price (A revenue \$14 million times B .63 earnings divided by 61 million shares divided by C .03 rate of return) is \$4.82 times 2 free shares is \$9.64 a 9.64 to 1 PEV© ratio.

Effectively what this means and as astonishing as this multiple value creation Black Swan is that because of Product Equity Value© this free equity ownership is the same as if 14 million consumers has their own mini IPO with 4.35 shares registered keeping 2 shares, purchasing a \$1 product or service from themselves. This \$1 purchase causes the 2 shares to be worth \$9.64 and then selling the remaining 2.35 shares at \$4.82 for \$11.33 for a total value creation of \$21 (\$9.64+\$11.33) from a \$1 customer-owner purchase. This is 21 times \$1.

Simply reverse this multiple mini IPO process and a single new macro IPO gives 46% to 69% of its shares (2 each) after registration, and after \$1 cash purchase free to 14 million preassembled customers and the 2 free shares are always worth 3, 5, 11, 20 and over 40 times by managing the formula to obtain the maximum stock price. Multiple values obtained directly by guaranteed customers purchasing in unison causing revenue, earnings, and stock price to be predictive.

New Product Equity Value© ratios and multiple values can be created by changing the revenues, earnings, and rate of return percentages in the value creation formula for public companies. In other words, these new public companies turn their customer purchases into savings by way of free equity in the companies owned by the customers.

What makes this multiple value creation possible is:

1. The multiple creation value formula only used by public companies,
2. The preassembly of 14 million customer-owners, and
3. Pre-determined guaranteed sales of any product or service.

Here are some examples of what 364 new startups funded will bring to their 14 million customer-owners daily:

- Buy a \$1,100 green laptop computer and get \$5,700 in instant equity
- Buy a \$100 green cell phone and get \$1,038 in instant equity
- Buy a \$1,200 year supply of healthy food and get \$5,500 in instant equity
- Buy a Flat Panel HDTV for \$400 and get \$2,076 in instant equity
- Buy a global medical insurance for \$3,300 and get \$17,064 in instant equity
- Buy a \$65 solar-lantern™ and get \$337 in instant equity
- Buy a \$100 new 16 films contract annually and get \$1,147.53 in instant equity

Product Equity Value© is the economic solution sought by all humans for a fairer, more stable, and diversified global value system creating automatic savings caused by individual choice and customer purchasing.

If you are in a hurry, read:

The Top Economic Secret of 2009!
The death of credit, debt, boon-bust cycles and unemployment

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Product Equity Value©, or PEV© is one of the top three greatest inventions in economics right next to double entry bookkeeping and the invention of shares.

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*Paul Rogers, head of the global-organization practice for U.S. consulting firm Bain & Co ., says 'managers undervalue long-term customer relationships because traditional accounting doesn't measure them'.

See also: WSJ Article about valuing on-line Financial Services Companies

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