

## A Master Class in Recurring Revenue with John Warrillow

**Dan:** Hi this is Dan Caron with MemberMouse. I am very excited to be here with John Warrillow. He is the author of *Built to Sell* and *The Automatic Customer*. He is the founder of the Value Builder System. The Value Builder System helps entrepreneurs improve the value of their company by up to 71%. John, I am very excited to have you here. Thanks for being here.

**John:** Hey Dan, it's my pleasure. Thanks for having me.

**Dan:** So, let's jump right in. The reason that I'm really thrilled to have you on this call is because I read *Built to Sell* a few years ago when it came out and. I thought that was a really fantastic book. It was very practical and pragmatic. It helped me to understand the framework with which to build a sellable company. I'm yet to sell any of my companies, but it has become a new focus of mine as an entrepreneur thinking - it's great to have to have a cash flow business. It's improved my lifestyle, but I really want to sell a company. That's one of my new goals. I would definitely recommend people to check out that book and also *The Automatic Customer*.

MemberMouse is all about membership and subscription businesses. When I saw that you came out with this book I thought, "I can't wait to read this." As I expected it's filled with some great, great content. I encourage everyone listening to go out there and purchase a copy of *The Automatic Customer* because what John reveals in this book and what we're going to talk about here in this call are best practices for running a membership business or subscription model. I think that many people are realizing the benefits of subscription-based business models. Today John can share with us some tips and tricks for making those models hum.

John, where would you like to start? I would love to go to get your take on *The Automatic Customer*. Why you wrote that book and some of the responses that you've been getting since publishing it

### The Subscription Business Model: An Overview

**John:** Happy to do that. It's funny because *Built to Sell* was about preparing a business so that it would be as valuable as possible. One of the things that we talked about in there was the importance of having recurring revenue. But, when I think back - and look at it, two or three years after writing it, I didn't give nearly enough attention to this notion of recurring revenue. It was one of a bunch of factors.

When you mentioned Value Builder System of the top the head, we look at statistics when we have business owners go through that platform. We try to understand what drives value in that company. Again, we found that recurring revenue on top of almost anything else is the driver of the value of a business. In a lot of ways, *The Automatic Customer* is a little bit like Star Wars. It should have been a prequel. It should have been *The Automatic Customer* first and then *Built to Sell*. It's really about recurring revenue, which is the raw material, or the first foundation of building a valuable company.

**Dan:** Absolutely. Talk to me a little bit about how recurring revenue impacts the value of a business. I understand from an evaluation perspective why that would be, but it sounds like to me you've done a little bit more research on that.

**John:** We have. Again, when we look at the offers business owners going through the Value Builder System we can see it. I'll give you a real-life example. Take a security business, you know the guys who come and install the security system in your home and light up the sensors. If you've got a business that just installed those and had no recurring revenue, it's just an installation and then they leave, that business will trade today about 75 cents on the dollar. If you have a million-dollar revenue you might only get 750,000 dollars for that business.

If you do only recurring revenue, all you do is the monitoring for instance, if you outsource the installation work and all you just do is the 29 bucks a month and you just do the monitoring of a security system. The same company with a million dollars in revenue all they do is a monitoring, they're worth about two times top-line revenue. They're worth about two million bucks, as opposed to 750,000 dollars. The only difference, it's not about the size of the company, it's about the quality of the revenue. That's really the most poignant example I can give you of why recurring revenue drives the value of your business.

## **Where Do Membership Sites Fit In?**

**Dan:** That's really insightful. Let's dive into some other learnings that you found since writing *The Automatic Customer*. Subscription models are in vogue right now. You can see Amazon, Fresh Local, all these businesses that are really trying to capture subscription revenue from their customers. Where are you seeing the most traction in terms of subscription models?

**John:** Membership websites is one of the "nine" I wrote about in the book and it's really big. It's only in the last, call it three or four years, that we're seeing real traction in the membership website model. I think we've crossed a bit of an overused term, a chasm if you will, where more of us have become recently comfortable buying content online. You know there was a day, and you remember it Dan, when in the early days of the Internet everyone thought information should be free, right?

So, all the newspapers and magazines put all their content in for free. Two years later they were going bankrupt realizing that actually that at editorial departments cost a lot of money to run. The quality of the editorial was getting cut so badly that we as consumers I think looked around and said - "hey wait a minute we're really willing to pay a few bucks for good content." All of a sudden you see you know [financialtimes.com](http://financialtimes.com), [wallstreetjournal.com](http://wallstreetjournal.com), [newyorktimes.com](http://newyorktimes.com) putting up a paywall and charging. That I think is opened door for membership websites. We're now used to and very commonly are paying for good content online. It's really only in the last, call it three or four years that that's become a reality.

**Dan:** You touch on a really important point. The quality of the content. I get a lot of MemberMouse customers asking me for best practices and tips and tricks. Sometimes when I look at their content, it's not compelling enough or there's not enough authority behind what they're publishing. I think that that's one of the central key concepts that people really need to understand. If you want to run a successful membership business, you need to have content that is a very high caliber, is very compelling.

Like you say, producing that contents takes time and effort and money. I think that's a good point. The last very few successful membership sites that I've looked at, all of their content is excellent and it's not available anywhere else. It's not on YouTube. I think that's a real differentiating component for successful membership sites. I imagine you've probably seen some memberships sites or subscription models that have compelling content I would imagine?

## **Why You Need To Identify A Niche Market**

**John:** I have. And they're usually very, very, very focused. The biggest mistake I think you can make in a membership website is defining your target market too broadly.

**Dan:** Yeah.

**John:** Because there are so many offerings now from free content to paid that if you go out there and say - you know we're going to have a membership website providing you with sales and marketing tips. Well guess what, there is more sales and marketing content on the Internet than you could possibly consume in a lifetime. But, if you say - we're going to help you do sales and marketing for a plumbing business, or you know help your math tutoring business with sales and marketing. Now we're getting nichey enough to build some compelling content around.

**Dan:** Yeah. Just for the listeners, I think I want to underscore that. You know what John just said is a very, very, very important point. You have to choose a niche that is going to sustain your business, that is going to provide a good revenue stream, but actually isn't as broad as you probably would think you'd want to go out there with. I see people all the time. They try to appeal to everybody and they end up appealing to no one. People are willing to pay a premium for content that is very relevant to their specific need.

So, if you're out there trying to decide on what markets to go into, what type of content to produce, I would encourage you to listen to John's advice there. Narrow it down to something that is very specialized and is very focused because you'll be able to produce higher-quality content. It's going to be more relevant to your audience and therefore it's going to be more valuable. Ultimately, if you're serving that niche very well then you also have a higher chance of becoming the authority for that niche. I think it's a really great advice.

**John:** It's a good point also to underscore Dan this notion of paying for value. I've run a few subscription businesses and my last one was acquired in 2008, but it followed a similar model to IDC research. IDC will publish on a subscription basis a set of syndicated market research reports for their subscribers. Their subscribers are typically Fortune 500 companies, very large

enterprise organizations. They would charge for a subscription, anywhere in between \$30,000 and \$40,000 a year.

Now, if you're running a business-to-consumer membership website that may sound like an enormous amount of money to charge for your membership. Remember that's information that is very valuable and they can't get anywhere else. So, don't be squeamish about charging full price for very valuable content, in particular I think if it's a business-to-business offering. I find that when you're charging a business for content that's going to help them improve their bottom line, they're much more inclined to pull out their credit card than if it's a business-to-consumer site where they may be a little bit more price-sensitive.

**Dan:** Sure.

**John:** It's their own personal money as opposed to business money.

**Dan:** Let's talk about the B2B sales because a little bit. That's something that I don't have a heck of a lot of experience. My experience is really B2C, but you mentioned in your book that the B2B subscription model and even, I guess you could say, the membership website model can be very successful in a B2B setting. Do you have any more examples or any other types of products that you've seen really work well in the B2B subscription space?

**John:** Sure. There's quite a few out there. Some of the more high-profile ones, Contractor Selling is a good example where Joe and his team help build HVAC and contractors, plumbers, electricians and so forth. They help them build their businesses. What he's providing to these businesses is sales and marketing advice to a group of people who aren't necessarily that inclined to do sales and marketing. I mean contractors electricians rather be on the job site than behind the desk doing marketing. Joe helps them with that and charges a good sum for that.

Another good example of that would be [dancestudioowner.com](http://dancestudioowner.com). Kathy and Susan Blakely run this business called [dancestudioowner.com](http://dancestudioowner.com). Like what you would imagine it is designed for people who own dance studios. So little dance studios where they're teaching kids how to do ballet dancing and tap dancing and so forth. They have unique challenges. They've got seasonality in their business, there's cyclical, there's staffing, scheduling and industry stuff, making sure classes are full. Suzanne and Kathy share their best practices.

It's interesting they were recently acquired talking about the value of recurring revenue. The business was acquired by one of the fastest growing dance apparel makers in the United States. They did that because of course they wanted access to the [dancestudioowner.com](http://dancestudioowner.com) customer base. That's another tremendous benefit of setting up a successful membership website is the revenue you get from subscribers is valuable in and of itself, but the information can be valuable to both you as well as to potentially acquirers who want to buy your website.

In Joe's case at Contractor Selling he uses the forums and the information he sees about the most popular articles consumed by his members to set up conferences where he charges a

couple thousand dollars to attend. He knows what people are going to attend because he can see what people click on on this site.

**Dan:** That's great. That's really interesting. One of the things that I probably neglected to think about when running some of my membership businesses is at the customer data. I'm generally focused on product and improving the conversion rate, but certainly looking at what customers are purchasing, what content they find interesting, it sounds like you've discovered a lot of value in that type of analysis.

**John:** You bet. Again, Netflix is a very valuable company as a subscription business. Just because of the recurring revenue they have coming in, but in part it's also the information they get from those customers. It informs their business. If you were really liked, and rated The West Wing five stars, that helps them know that the House of Cards is going to be a popular show. It helps to inform content, but of course again, acquirers - if you think about who would be a natural acquirer for your website.

If you are making the world's greatest membership website for you know Bass fisherman, well that's great. Guess who's going to want to buy your membership website? Anyone who sells to Bass fisherman. The guys who sell the boats, the people who sell the lures, the fishing rods - they're going to want to have a way to reach those people. They would be a likely candidate to buy the website. Not that everything should be about getting yourself acquired one day, but certainly you know that's going to drive the value of your business -- is the quality of the relationship you have with your members and the number of members who have, obviously.

**Dan:** That's great. I would encourage everyone to think about maximizing the value of your business. You spend so much time trying to make it successful, there's no reason you shouldn't set it up to potentially be acquired one day - if that's something you that you'd like to do as a business owner.

Let's shift gears a little bit here. I want to bring the conversation down to a level that I think would be a bit more useful to some of the people using MemberMouse and starting their membership business, and really trying to get it off the ground. Let's dive into some best practices. I tend to use lifetime customer value LCV as the critical metric to understanding how my membership business is doing. How much I should spend to acquire a customer? What's your approach to growing a membership business?

## **Membership Metrics & KPI's: A Deep Dive**

**John:** We share that in common in the sense that I think the most important statistic, single statistic you having a membership website is your lifetime value of a member. The other number or equation I think is highly valuable for all of your focuses to be tracking is the LTV / CAC ratio. LTV, in a world, stands for lifetime value. The CAC stands for customer acquisition cost. It's the ratio, or relationship between how much revenue you get from a member in their lifetime compared to your cost to acquire a customer.

Any one of those statistics - you know people can have a very high customer acquisition cost, but if their lifetime value is equally high that's not a problem. Similarly, even if your customer acquisition cost are very low if your lifetime value is equally low, you've got a problem. So, it's not those numbers - customer acquisition cost without looking at it in the context or in the same context as lifetime value, I think you're missing something. It's really up to the CAC ratio that we spend a lot of time thinking about.

**Dan:** What is that ratio look like for successful businesses? Where do you like to see that number fall?

**John:** Minimum 3:1. For professional investors, people who might want to buy your membership website, invest in your membership website, if you want to attract venture capital or angel investors, they're really looking for an LTV to CAC ratio of 3:1. Whether you want to sell your business or not that's a good proxy for knowing when to hit the gas. If you're north of 3:1 if you've got a 4:1 or 5:1 or 6: 1 CAC that's really when you say hey something's working here, we can invest more in sales and marketing and that's a green light. If you're below 3:1, I think that's when you want to slow down.

You optimize your model to your point, fix your content, narrow your niche. Usually it's a function of either having too much churn or too high a customer acquisition cost. The way we calculate LTV and again there's a few different ways you can do it, but they're all kind of basically trying to estimate the value of a typical lifetime of a customer.

The way we do it is you take your average customer's revenue per month, your MRR or monthly recurring revenue per customer. Let's say you have a membership website that you charge \$100 a month for, so your average MRR would be \$100 per customer. You multiply that by your margin you gain from each subscriber to your membership website. Margin is the incremental cost of each new member. For a membership website that's usually not zero, right?

Usually you don't have any hard costs associated with each incremental member. Then you divide that number. It's  $MRR \times Margin$ . In your case it might be a  $100 \times 100\%$ , in which case you've got a 100 divided by your churn rate expressed as a percentage. If you have a 2% monthly recurring revenue churn rate it would be  $100 / 0.02$ . You're taking your MRR and you're dividing it by your churn right. You can look at that monthly - and make sure you're doing an apples-to-apples - you look at your monthly churn right and your monthly recurring revenue on average, or look at it annually. Your average revenue per customer annually and then your average annual churn rate of revenue. Then you can express your LTV that way.

**Dan:** Give our listeners a little bit of content context as to how they can use these numbers in practice. I mean it's one thing for us to think in terms of formulas, but how do I actually drive decisions on the day-to-day?

**John:** Great question. Your lifetime value is a function of your MRR per-customer divided by your churn rate are the two essential statistics in that. When you're thinking of decision-making what you want to think about is how do I increase the month of recurring revenue I can get per customer per subscriber? That's going to be an important discussion. Can you have different levels of subscription? So, you got a membership website and you have a bronze, silver, gold strategy for example, and you have a strategy to upgrade people.

The bigger issue I think is churn because if you can imagine it's all divided by your churn rate. A very slight reduction in churn can have a massive impact on your lifetime value of a customer. I mean for example HubSpot, you know SAAS-based marketing software that's in the subscription model. They went from a monthly churn rate of 3.5% per month, so-called 40% annually, so 3.5% a month to 2%. They dropped their churn rate from 3.5% to 2% and is an outsider you might say well that's not much of a change. That can't really impact their lifetime value, but in fact it had a profound impact. Their lifetime value of the subscriber went from around \$10,000 all the way to \$24,000 and the biggest change was the churn rate. You're really driving decision-making is going to be what can you do to reduce member churn.

## How to Reduce Member Churn Rates

**Dan:** So, let's talk about that how do you reduce member churn?

**John:** The biggest thing is to focus on your onboarding strategy. You can look at your members and watch them and for the ones that you engaged early in their membership - you've got them to take action, comment on a post, download an article try a workshop whatever your content is. For those that have lots of early interaction with you, they're going to have a much longer LTV, lifetime value. They're going to be less likely to churn than then for those people for whom you swipe their credit card in month one. You kind of ignore them for three months and then you realize - oh my gosh they haven't really done anything with her membership and then you do a full court-press to win them back in month four. Those folks are very likely to churn.

What's interesting is statistically, almost no matter how much you spend to try win them back in month four it's virtually impossible to get them to change their behavior after that onboarding window. You've got it's like a ticking clock. You really got just a very short window. Most people I think it's around 60 day and maybe it's as much as 90 days, but you've got to impact their behavior early. Think of selling your membership website is not just a one-time event. Everything you do presale, you swipe the credit card, but then you've just an arguably even more important sales window in the first 30 days. You've got the credit card, that's not the issue. What you've got to do is get them to use it.

**Dan:** Yeah, I've heard that. Getting a member to take three actions in the first 30 days is kind of a good framework to think about onboarding.

**John:** You've got it.

**Dan:** Getting that user to take action, to consume content, or the product is really critical and I think that's a great way to think about it. You actually have to make an additional sale. I've heard that you can get somebody to take an action by calling them on the phone. You know that's one strategy to see if they need any help getting started.

I think for certain businesses that makes sense probably to hire somebody to make outbound phone calls to new customers. Certainly, email is tried and true. It's also a bit probably worn out, but it's still an effective method to get people to take an action. I think probably designing the interior of your member homepage, you know the page of the member lands on, making sure that there are calls to action to get them to activate and participate in the membership. That's really important. Any other techniques that you've seen work well to activate that customer?

**John:** Those are all fantastic Dan. I would add that you may want to have a kind of "What's New" section on your membership site's dashboard, so that every time a member re-logs in, there is new stuff. They get in that habit of seeing the new stuff. As opposed to having the exact same architecture every time. There tends to be a sense of inertia that builds up when you have the same patterns. The analogy that I would use is think of yourself as an airplane. You know the airplanes all go in the same direction so you never have head-on collisions. Like everybody in the westbound goes an even number altitude and everybody eastbound goes an odd altitude or something like that. You are always a thousand feet above or below the next airplane.

What I think you've got to do as a membership website operator is be the rogue jet that actually goes up and intercepts a flight path and forces the member to take action. Getting them to change something in the way that they do business, the way that they think. That's really what you want to do. All the things that you said, email, video - those can all work, you know telemarketing. This is where we go back to the LTV / CAC ratio.

Our onboarding experience we're going to invest to cost in an outbound telemarketing phone call for every new member and that's going to cost \$50 per member. Now all of a sudden, you've added a cost that is part of the margin calculation right because for every new member you've got to pay that \$50 onboarding member call. That's going to reduce the margin you get from your MRR - how much money is left over after the MRR you get on average. It's going to impact your LTV / CAC ratios.

You want to look at all these decisions and onboarding in particular in the context of how it's going to affect your LTV / CAC ratios. The more sophisticated you get it this, you know the more testing and learning you can do. You can do in a very sort of analog, low-tech sort of way to begin and experiment with some things, but as you get a few hundred or few thousand members you can start getting a little bit more sophisticated with how you start to do some of these experiments.

**Dan:** That's really great advice. Let's talk about the or some of the other factors that you found specifically in the membership website model. In your book you have I think about nine different subscription models. Certainly, we don't have time to go over those. Why don't you dive into



some of the other interesting points that you have found around? Maybe the membership website model and some of the all-you-can-eat model. Maybe just explain those in brief and a few best practices around each of those.

## The 9 Different Membership Models

**John:** For sure. There are nine different models in the book. The two you just highlighted are obviously very important to your customers - your members. Number one, the membership website I think everyone on the call will know what that is and that's great. A slightly different model that I would put out there is this model called the "all-you-can-eat model". Basically, how it's different from a membership website is that the all-you-can-eat model - you're basically putting a library of content online and allowing people to consume that content at their leisure. Almost like a Chinese menu of content that they can consume. It's not intended as necessarily as a linear or a News website, which is always changing.

A good example of an all-you-can-eat would be New Master's Academy, which is a membership website set up to teach art classes to people. They're based in California. Joshua Jack is the founder and it's basically what Joshua does is if you want to learn how to do pottery or watercolor painting, you can subscribe to their all-you-can-eat model. Again, it's New Master's Academy and then for \$29 a month download as many of their courses as you can consume. One month you might want to learn about watercolor, the next month you might want to learn about pottery. The content doesn't change that much. They add new content periodically, but it doesn't change that much. A little bit like Netflix. Sure, there's new stuff from the House of Cards, but there's a lot of legacy content where the traditional membership website one of the big value propositions is it's always changing. There's always new stuff.

If you're running a membership website, I'd be thinking about what changes - that's really the secret sauce - to get people to stay loyal. If it's technology for your subscribers, think about what changes on a regular basis. If you're reviewing new technology you're reviewing new research, new data that's coming out and always changing. The other thing that changes in a membership website is of course the forums and that's one of the stickiest parts about the membership websites. Once people consume the basic content that got them to subscribe, it's usually the forums that keep them subscribing. So, making sure that those are well merchandised, really lively and lots of vibrant comments on your forums. I think those can make people stick. Again, the membership website things tend to change quite regularly keeping people exciting and loyal. Whereas, the all you can eat it's really this content library if you will, the sort of evergreen.

**Dan:** Yeah one in one thing that I wanted to point out before I forget for MemberMouse customers, you can use the push notification system within MemberMouse so that when new content is added, you can automatically send an email or call a custom script to make something happen. You can alert your new customers or your existing customers frankly that there's new content available.

Also, you can use the push notification system to send an email or call a custom script for custom action if you want to do something when a new customer has on-boarded. For what we

just were talking about a few minutes ago. I would suggest that you check out the push notification system and become familiar with that because really, it's about taking triggers that happen within the membership sites such as when a product is purchased or new membership is created or a new piece of content is released. You can make some things happen such as, sending an email. Really, I would dive into that because not only will it help with the onboarding side, but it will help with what John is talking about, which is making sure people know that there's fresh content available, which is going to certainly help increase your retention.

**John:** It's a great point Dan and one of the things that I will add to that is kind of a nuance in particular with onboarding. Think about to the last time that you really fell in love with somebody and you absolutely fell head-over-heels in love with somebody. You would sit on the edge of your seat waiting for whatever the text the email, the phone call. Every passing moment you're thinking about that person and overtime if you fall in love, get married, that wanes a bit. That relationship changes and you know you love one another, but don't necessarily need to be hearing from them every five minutes.

I would argue that the same thing happens in the life of a membership website. In those first 30 to 60 days, your members have just pulled out their credit card. They made an emotional decision to join your membership website. They want to hear from you. They're going to consume whatever you send. I think their appetite for communication frequency is very high, whereas overtime if they've been a member for a year or two, you don't want to bombard them too much - with too many email notifications. I think you want to time those scripts and really heavy up in the first 30 to 60 days. Then probably just go to more of a summary style notification or just your most important content for your longer-term members.

**Dan:** Yeah that's a really great point and one of the things that I learned from Mark Ford. He's built some eight-figure businesses in the subscription and publishing field. He really talks about the first 30 days as when the customer is rabid for content and your products. They're in the market, so to speak, for whatever it is that you're selling. You really have to take advantage of those first 30 to 60, 90 days to really maximize the value of that customer and maximize kind of the impact that you have. I think John's absolutely right. Don't be afraid of over communicating in the first 30 days because they want to hear from you. You're more likely then than any other time to make an impact for that customer. I think that that's really, really fantastic.

## **How to Increase the Profitability of Your Membership Business**

**John:** Just a final thought on that point, you're statistically infinitely - more something like three to four times more likely to cross-sell your member in the first 60 days than you are any other time in their membership. If you've got a second or third product that you sell in addition to the membership website, if you have a conference you want to sell a book or an eBook, whatever, they're much more likely to buy that in the first 30 days that they become a member. It's counterintuitive. Some of us feel a bit squeamish asking for a second order after they just paid for something. "I'll wait for three months because I don't want to seem greedy." The inverse is actually true. They're much more likely to buy a second or third product in the first 30 days.

**Dan:** I guess that's a great transition. One of the things we offer with MemberMouse is the one-click-upsell. After a customer purchases a membership you have the opportunity to upsell them into additional products that they can purchase with one click. Let's talk about that. Where are you seeing successful membership and subscription businesses? What types of products and services are they up selling? How are they maximizing that lifetime customer value in the first 30 days because we just talked about that being the sweet spot. How are some companies taking advantage of that window?

**John:** It's often an offline benefit, if you will. It's oftentimes conferences. Again, in a membership website you're like okay great you just pay for \$19.95 a month for your membership to X. Well it's fantastic - you may also be interested in our member community get-together live in person in Las Vegas once a year and for the next five days you can buy a ticket to that live event at the reduced price of X as a new member special. It's often times that you also find you can upgrade people in that onboarding window. If they bought your bronze package first for example, sometimes they'll think they didn't do a good enough job reading the benefits and they'll say "I thought I was buying X" - but like in your case for example, they might buy the basic package that doesn't have LCD calculator in it, but they might get in and in the first sort of couple days they are like "I really want that LCD stuff," and they might upgrade to the powerful package. I think that's another way you can do it.

**Dan:** Listen, John why don't you pitch your book *The Automatic Customer*. I've read it and I think the content is fantastic. I think that every MemberMouse customer should pick it up. Why don't you tell people what you're going to learn inside the book?

**John:** You learn first of all that the membership website is part of a big trend towards the subscription economy. It impacts the value of your company. Whether you want to sell or just know that you're building a valuable company in your membership website. You'll get some statistics and real hard research about the value of your business and how it's impacted by your subscribers and the length of the time they stay.

You'll see the nine models outlined, who benefits from each and how you might want to implement best practices. Then it goes into details about scaling up your membership website, the importance of the statistics. We talked about that LTV / CAC, but there are lots of other statistics that the classic membership website really needs to be thinking about in order to optimize. How do you finance the growth of your membership website, and so forth. I hope this was helpful conversation and there's obviously a lot more in the book.

**Dan:** That's great. I mean we don't pitch a lot of stuff at MemberMouse, but I just feel that knowing a little bit more about how to operate a membership or subscription business is always going to be helpful. It's going to be helpful to really understand the metrics that John is talking about. I do recommend quite a few books, but this one I think is a critical book to pick up. John, listen I really appreciate the conversation.

I think we've shared quite a few great insights here. I appreciate your time. I know you're a busy guy. Hopefully we can stay in touch. I would like to perhaps dive into some of your metrics and formulas for operating a membership business. We're always looking to improve our Reporting Suite. As I've said before, knowing those numbers and operating your membership business based on lifetime value and customer acquisition cost are real critical to success. I hope we can keep the conversation going, improve our platform and help everybody grow their membership businesses.

**John:** Pleasure to be here with you Dan. Thank you so much.

**Dan:** Thanks a lot John. Take care guys.