SUBSCRIPTION ENTREPRENEUR

HOSTED BY ERIC TURNNESSEN, FOUNDER OF **MEMBERMOUSE**™

EP: 138 The Agony & Ecstasy: A Day in the Life of an Entrepreneur with Adam Robinson

"…so I made this YouTube video and it happened, look, obviously it didn't give us customers but what it did do was it made its way to the CEO of the company that sold it and he's like, "Dude," I was in New York at the time. He's like, "Come to Boston. If you attempt to do what you're going to try to do, you will fail. I can show you a way to where you will succeed with 100% certainty." And it's just a weird thing for someone to tell you but music to my ears because I'm starting to realize that nothing I'm doing is effective."

INTRO:

You're listening to Adam Robinson, our guest on today's episode of the Subscription Entrepreneur podcast.

Before I introduce him, I'd like to say thank you for tuning into today's show. We're back from the hiatus we took over the holidays and are excited to share our first episode of 2020 with you.

Adam is an entrepreneur who has tried his hand in many different ventures, most notably two pieces of marketing technology called Robly and GetEmails. As you'll hear in this episode, Adam's journey as an entrepreneur has been a harrowing adventure. He's experienced the full spectrum of entrepreneurship from spectacular successes to heart-wrenching failures.

He joins us on the show today to share the most important lessons he's learned from the highs and the lows. And you'll get to follow along as he details the trouble laden path that finally led him to his golden opportunity.

Regardless of where you are on your journey, I have a strong feeling you'll resonate with Adam and the lessons he shares. Whether you're filled to the brim with optimism about your new idea or down in the dumps after facing yet another failure, Adam's stories and advice will help put everything in perspective. As always, I'm your host Eric Turnnessen and this is Episode 138 of the Subscription Entrepreneur Podcast.

Eric: Welcome to show, Adam.

Adam: Well, thank you very much. I'm happy to be here.

Eric: Yeah, so good to have you. So, just to kick things off here, can you give us the 30,000-foot view of who you are and what you're doing right now?

Adam: Absolutely. So, I think at this point I would consider myself an entrepreneur. I graduated from school in 2003. I was a credit default swap trader for 10 years. I traded the real estate

stuff at Lehman Brothers. They made a movie about it called the Big Short. It's a great job and then my buddies in the apartment that I lived in New York started Vimeo and College Humor in the apartment that I was living in. So, I watched Vimeo at one point go from wire frames to ... I mean it was tough to incite maybe at one point and just got the entrepreneurial bug. I wanted so badly to be a startup guy then in this really cool apartment and have everybody, young people working there, a lot of stuff.

So, in 2011 I left finance. Took me about three years to put together a product that was saleable to the market and that first one was Robly and I can get in later about how we did. It's a service provider. And through this weird journey that we had, it rocket ships to basically five million in revenue and then totally stopped two years later. And then for the last few years I've just been banging my head against the wall trying to figure out in this space, which is just so difficult, like email marketing. And there's these brands that are such incredible companies and brands and product people, how to differentiate, how to grow.

I think for me when I started, I was reading this 37signals stuff and the Tim Ferriss stuff. The opposite of my life at the time was this idea that you could create a software business that was super lean, it would make millions of dollars and you can leave work if you wanted to and not go into an office. And then the funny thing is you get that and it's not exciting anymore because it's just not growing, which we will definitely cover later in the podcast.

So, I sort of had three epic massive fails three years in a row and then finally stumbled across this current product which is selling unbelievably well called GetEmails. And it is an identification technology that basically, we give you a script, you put it on your website. We can identify up to 35% of the anonymous traffic and through this process which I'll explain later, we can connect that to customer records and pass you full customer records of those people that didn't fill out a form. And in the US, it's CAN-SPAM compliant. You can't do it in Europe or Canada.

Eric: Awesome. That's great. Going to the beginning, you mentioned being in the apartment with the Vimeo guys and catching the bug. Now being a finance guy, so your background wasn't in business, your background wasn't in anything related to entrepreneurship.

Adam: Oh my goodness, no.

Eric: How did that play out? What did you see in what they were doing? Which aspects were you most attracted to?

Adam: These guys, they were kind of mini celebrities in New York and I was very attracted to that aspect of it but they got written up in The New Yorker and the Barry Diller, I see, bought their company and part of it was there was just a lot of excitement around these guys in general. And it seems so fun what they were doing. They have this lip-dub video they made and put on Vimeo. One of the first ever Vimeo lip-dub and they got this big office in Union Square

after they left our apartment. And it's a really cool loft and everybody was young and happy and they're having so much fun.

And the job that I had was incredible in a sense that we just did financially way better than the generation before us as traders and we had way more responsibility just because of what happened during that time. But it seemed as though they were getting something else out of their job besides just extracting money out of the system. It was hard to really identify what it was without being there every day. The only job I ever had was just putting this tie on and sitting on the trading desk. There's no management. I never interviewed anybody. No one ever taught me anything. It was just you either figure this out and make money or you're gone.

Eric: So, it sounds like it was a lifestyle or a purpose thing.

Adam: I think so. I mean I was just kind of wanting to be an entrepreneur for whatever reason I don't know why. I read a bunch of entrepreneur books in college but then when you graduate in 2003, do you want to be an entrepreneur? I went to Rice. A lot of them went to work at Bain and McKinsey and then there were these banking jobs that other people took. It was just like if you could get one of those jobs, you took it and just figure it out later. I think it was something I always wanted to do. I don't really know why. I think probably because I respected a lot of the entrepreneurs that I knew growing up without even really realizing it's just they were leaders. They were important parts of the community.

Eric: This is kind of getting into question I was just going to ask you about what is an entrepreneur because you mentioned in the beginning and I resonate with, I feel now after doing this for so many years I might be an entrepreneur. I'm still not sure. So, what is it?

Adam: That's also a good question.

Eric: Is it something static even?

Adam: Probably not. I would probably say if someone is in the game, meaning just they're doing it. They're starting a company building a product. It's getting the majority of their attention. I know some people don't have the luxury of having saved money and they have to work at the same time they're doing it. But where you draw the line I guess is a great question.

Eric: Right. So, you're saying if you're walking it then you are.

Adam: I think that's the case. How do you define success? That's different for everybody. We could all agree that Elon Musk is a successful entrepreneur, right?

Eric: Sure. There's always these obvious examples, Steve Jobs, Elon Musk, whoever but that necessarily sometimes can't be helpful to compare yourself to those people because then you may, "Oh well, there's no way I can be an entrepreneur." But it's such a varied and diverse thing about I like your definition of if you're walking the path and you're the entrepreneur because so

much is about the path and it's also how are you going to handle these things that happen that don't feel good. Are you going to keep going or are you going to go back to that job? Are you going to switch to doing something else?

So, you mentioned your first go, your first thing that you started to do is Robly. What was it like to do that in the beginning or those early days and what were your major challenges?

Adam: I would say my biggest challenge which was unbeknownst to me is that if you've done well in finance, I feel like a lot of people leave that job thinking that just with this false overconfidence, you're making more money than your friends. You're smart. Everybody around you is smart and I think you really undervalued these skills that your friends are getting at these other jobs. As an example, I think it's just very common that if you asked 10 traders who do really well if they could manage a restaurant effectively, 10 guys would be like, "Heck yeah, no problem. I could totally handle that job, do with my eyes closed."

I think it's just the value system. It values the perceived amount of money that you extract from the system and that's kind of all that matters. And I think you're trading securities in these businesses, so you think that you know things about the businesses themselves but you don't. I think there's a lot of things that contribute to that psychology but I think it's very common psychology. And that was definitely the biggest problem which became evident later to me. You don't realize it when it's happening.

Eric: So, the problem being that?

Adam: Ridiculously overconfidence in myself. So, my plan which was a horrible one was I had this kind of mentor guy who was a sales guy at Lehman. While he was sitting there selling bonds, he had all of these investments in these other businesses and he was just involved in a ton of other stuff. I thought it was kind of a cool and interesting life to have this, call it a mini private equity fund and you're kind of sitting at the top of it and you are somewhere passively or actively involved in like four or five things. That was what I thought I was going to do. I'd save some money so I was just like, "I'm going to invest in some stuff and I'm going to hang out with people that are starting things and this is what I'm going to do. I'm not going to run any of them."

I mean now just the idea of that makes my stomach turn. I just think everything is focused, right? The breakthroughs come when you're just thinking about nothing else for months on end in my opinion but I think some people are really good at this whole whatever, Steve Jobs he can do too, Elon Musk, he can do too. I don't think many other people can actually effectively do two things. So, that was a disaster. Made some horrible investments, just wasted a bunch of time, wastes a bunch of money. I mean it seems I'm in learning and I'm realizing how little I know at the same time, which is really helpful.

And then how Robly actually got started was it was just going to be one of these things that I did and my brother and I were going to split the funding. We were going to hire this other guy

that I worked with named James who also wanted to get out of finance. No prior experience in anything but for some reason I thought that he could just run it. Like I said about the restaurant thing it's like, "Oh yeah, he could do this. He's smart. Yeah, whatever." Like, why wouldn't you be able to do that, right?

So, my brother is an entrepreneur, also he was using a product called RatePoint for email marketing and customer reviews. They shut their website down and they announced they were out of business and then they said, "Download your data, we're taking the website offline in seven days."

Eric: Seven days.

Adam: Seven days, yeah. They raised 25 million bucks. It was just a weird situation. So, my brother was like, "This is weird. I really thought this product was useful." This guy spent a ton of money finding customers. You're looking for stuff to do like, let's try to get this thing built on the cheap and see if we can go find some of his customers and make something of that. Which at the time sounded good enough for me to add to this portfolio of things that I was really excited about that almost all went to zero.

So, meanwhile, I'm reading these books about content marketing and it's 2012. They made me believe that all I had to do is create YouTube and blog content and it would just put it on the internet and people would find it and they'd buy my service. These beginner books about anything just oversimplify. They get you excited. They get you to buy books. They get you to tell other people about it when you don't really know. So, made this YouTube video and it happened ... Obviously it didn't get us customers but what it did do was it made its way to the CEO of the company that sold it that we were going to try to copy and he's like, "Dude," I was in New York at the time, he's like, "Come to Boston. If you attempt to do what you're going to try to do, you will fail. I can show you a way to where you will succeed with 100% certainty."

Eric: All right.

Adam: And this is just a weird thing for someone to tell you but music to my ears because I'm starting to realize that nothing I'm doing is effective. So, get on a train, I go with this guy who also horribly inexperienced, dude I hired from Barclays. We sit down with this guy and he's like, "I can't say this company's name because they'd sue me a couple years later, which I'll get to you but there is a huge email marketing company to pioneer in the space in Boston. They're right down the road." The guy says, "I'm not going to tell you too much because my co-founder is now starting a data business but they're leaving a huge amount of data across the internet about their customers. Just go look, you'll find it. I just did this. Build a scraper. Build a call center. Build a product. Make a price in performance compelling sort of pitch for these people. You will get enough customers to switch over. It'll be a nice cash flowing business. It's super sticky then who knows what's next, right? Maybe you start a hosting company, maybe start whatever but that'll get you a base. Bootstrap it. Keep it small. Keep it tight, whatever."

So, again, music to my ears and then we go back we start digging. And James, my co-founder figured out that they were creating community and this is pre Built With and Datanyze hadn't really taken off yet. People weren't really doing this spider-based selling. It wasn't ubiquitous yet. So, turns out they were creating a community page for every single one of their paying customers and they're massive at the time. They have 500,000 customers, something like that. Maybe not every single one, maybe half them I don't know but they're in the URL. There was a six-digit unencrypted number but if you stepped it up by one, it was a dead page and if you stepped it up by two, it was the next guy. First name, last name, zip code, business name.

So, this is just jackpot. You can send it overseas, find a phone number and get it sent back to you. So, we built a scraper over three months. It got us like 225,000 of these records, just anonymous IPs and just poking them and just downloading the page very stealthy or whatever. And then came the disastrous product decisions we made. So, this is one of my favorite things. My brother – who was at Stanford – met this guy Tate Blahnik, who's my CTO now, worked with him for last seven years. He's just an unbelievable developer specimen human being. Never burns out. Fastest guy in the world, just unbelievable. He has weaknesses too. He can't project notes for anything but we had this guy who is willing to work with us but for some reason against all of the advice of my very successful entrepreneur friends in New York at the time who I was seeking advice from actively, we decided to try to get the site built on the cheap by this agency in India, which I think a lot of people make this mistake.

I can't even get into my own head at that point, like I understand a major problem for non-technical co-founders is actually convincing, especially if you're a first-timer, especially if you have no relevant experience. Convincing a good engineer, well how do you even know if they're good engineer first of all? And then convincing that person to work with you and pursue this crazy vision. I get using an agency in that context but I had this guy that we could use, yet still we wasted six months building this thing in India and then we kind of hired Tate to look over it and he's like, "Honestly, I'm just going to take a month and rebuild this entire thing anyway." I think you hear that story more often.

Eric: Well, it happened with me. It wasn't India. It was Russia but I had to trash whatever I had them doing. It was basically the motivation be like, "Okay, well I can't get somebody else to do it, so we just gotta roll up our sleeves and do it ourselves." And then you just bang it out.

Adam: So, the product took ... I'd say that we're bootstrapped but we aren't really bootstrapped. I saved money trading and my brother had just sold half of his company to a private equity company. So, I ended up putting a million bucks in this thing over. It was slow but over three years I'd put a million bucks in just month by month and my brother had done the same thing and I didn't take a salary for like, oh my god, I don't know. I paid myself for the first time in 2015 or something like that. So, I was without a salary for four years but we were bootstrapped in a sense that we didn't take two million on day one. The reason we kept finding money in is because eventually once we launched a product, once we figured out the sales engine, we had this machine that we were just sticking dollars in and it was spitting out $5. So,

at that point, we started burning more and more because why wouldn't you at that point. And then eventually we sort of whatever got the cashflow positive.

So, it worked really well. The dude was right. We came up with this value proposition, which was ... So, the customer of this vendor that we're sort of poaching from, they're brick-and-mortar baby boomer, non e-commerce type people. So, think flower shops and stuff like that, just the worst audience to build cool software for. They're hard to reach. They're not online. It's just a tough, tough audience but the one thing that we noticed was they were really focused on their open write. So, we came up with this ... In the email world too, there's all these spammers that are floating around. They'll all sign up for your service. They'll try to send ... You got to put stuff in place so they don't ruin your IPs or whatever but I saw what this guy was doing. He was sending and then he'd send to the next day to the people that didn't open it the day before and it worked really well.

So, we built this little automation tool called OpenGen that it just sent the first time as a normal campaign and then it had a little box. You wrote a new subject line in and then set another campaign app to go one to five days later but only to people that didn't open it the first time and that would get you more than 50% increase in total opens no matter what. I mean if you send newsletters less than a few times a week, you should definitely do this regardless because it doesn't hurt your deliverability and it'll just get more eyeballs on the thing. But we basically went in with it with a value proposition to these guys, 50% more opens for half the price and then we get them on a demo and upsell them and cold-calling never would have worked had we not had this list because our price point was ... It started at 15. Our first subscription we were selling at average 15 and then eventually over the years it's made its way up to 50 or 60 or something like that.

Yeah, we had this really effective machine and I thought we were getting other data from another part of their site that I knew was going to be worse data but I just didn't really know how bad. But it was in abundance. So, instead of being paying customers, instead of having first and last name, it was really just the business names with people that were signing up for a free trial. And these are like Bob's Coffee Shop, you don't know where it is. But I tested this list out with our best guys and it looked like it was going to work. It looked like it's getting close to work and then ramped this whole sales thing.

And by the way, I forgot to mention, this is all happening in this apartment that I was living in. It's a big apartment. This guy's in his 40s and they were living in his 5,000 square-foot loft in Tribeca but kind of one chair by one chair. I woke up one day and I had 39 people coming in my house every day. Smiling and dialing. And the kind of problems that you have to solve, I didn't want all of these people using ... I had a master bedroom and master bathroom.

There are two other bathrooms and it was pretty much all guys just because $200 a day sales, like who's applying for that job? It's just mostly male. And had two bathrooms and there was this laundry room that had a big sink in it and I had a door and a lock. So, I had a plumber and I was like, "What do I need to do to get a urinal in here?" He's like, "Well, it's going to cost you

three grand but you know what I'd do if I were you." And he takes the faucet and just turns it on and off. He's like, "I'd just have them pee in the sink."

Eric: That's extra corroboration that it was only guys working there.

Adam: I know but just hilarious memories from that time period. Meanwhile, I think we got a million more leads and we need 50 salespeople and I'm ramping the sales force and all this stuff and everybody's all excited. And I'm promising everybody the world and stuff. And we get everybody calling this list and people aren't even picking up. It's so far from being a viable business to have all these people sitting around trying to acquire customers this way. At that point, well I guess we just have to fire everybody.

Eric: So, correct me if I'm wrong but it may just be how you're telling the story but it sounds a lot you were flying by the seat of your pants. Was there a lot of planning going on?

Adam: I mean no. I wouldn't have known how-

Eric: Right. How to do that.

Adam: I feel I'm a little bit better now but when I go over some of the stuff I've done since, listeners may argue, it's hard to describe the sensation of the first time something actually starts working, right?

Eric: I mean I have comparable experience. I mean it wasn't to this scale. I wasn't 39 people in a Tribeca apartment using a sink as a urinal.

Adam: Right.

Eric: You know you're doing something right when that happens, right? But there is this aspect of when you first ... It reminded me of this quote from The Alchemist, something in the effect of like, when you first make a decision, all you're doing is committing to jump into a stream or a flow that you don't know where it's going to take you. So, you start, you're like, "Okay, I'm in this. I'm doing it." and then things just start happening. As things happen, you just have to follow what you can but it's very admirable in my opinion personally that in your situation that you were just able to grow that quickly and scale that quickly. For me, it's always been a challenge getting people involved, hiring people and adding people to the team has always been a very piecemeal process for me. The concept of needing 50 people and then trying to go get 50 people boggles my mind. I have no idea how you would even approach that.

Adam: I don't know if I did it right or not but I think the unique situation that I was in was, the only way that I was going to make that first stage work was with these cold callers. So, I read every book on sales. I would say within a year of quitting my job in finance, I was very aware of how little I knew. The confidence thing went from here down to there and it's been just a slow and steady build ever since. Calling was going to be only thing that we did, so I read every book,

talked to as many people as possible. I got a couple great mentors. I got a guy who was running a 600 per head, worked for rocket internet and created the Groupon in Brazil and sold it to Brazil and that's just literally one of these. And he was running a 600-person operation at ZocDoc because he was buddies with CEO of ZocDoc, and just doing that for a while.

And he was instrumental in sort of like ... I had this crazy idea when I started that we would build these great systems and we wouldn't need great people. I don't know where I got this idea. I don't know where it came from. I don't know why more people didn't push back but this guy did. He's like, "Why would you not try to get the best sales guy you possibly could on day one? Why would you get interns from NYU to call through this?" Which was the first thing that I did, of course, because it was the wrong thing.

Adam: So, yeah, I mean I don't like adding people now. I hate the process I hate having to go find those people. I always feel my network's not good enough or big enough or whatever. I feel like I'm rushed in doing it when I have to do it. I don't like the process but that was just a weird situation because there was no other way. I had a guy telling me, "I know this is going to work because I did it 18 months ago. Here's the list, figure out how to build a call center and whatever."

Eric: My understanding of how things went with Robly, I mean obviously all this is going on, you grow to a certain point. You talked about earlier how there's just tons of people in the space but there was a point where something unexpected came out of that experience, something that led you to the next project GetEmails, so can you talk a little bit about that period of time and how that happened?

Adam: Sure. So, I had to basically fire 30 people at once because this list wasn't performing and then all of a sudden, we were really profitable because we had just broken even with all of our staff and then we whacked the entire staff. And it was worst day of my life but at the same time in the months after, it was this sense of relief, "Wow, I don't have to fight this battle for the foreseeable future." We wanted to basically, it was one of these things we're like, "Look at what we're good at. We know how to build one of these highly transactional call centers. Let's see if we can pre-sell products in the different markets, not even having it and get any traction."

It was a dark time for me and the co-founders because we're not the ones making these calls. We're trying to come up with ideas like we're in this place that there used to be 40 people at. When there's only seven or eight, it feels dead. Of course none of that worked. I mean we came up with a product for I don't know, Mr. Fixit guys that no one cared about.

Eric: So, you're doing product research basically.

Adam: We were trying to do that.

Eric: And Robly was still running at this point.

Adam: Robly is still running. The same thing, yeah.

Eric: Right. It is still running. It was-

Adam: Exactly. It's just spitting off cash and we're just trying to figure out. We wanted to keep ... If you hire a ton of salespeople, there's a few just total rock stars you want to keep your hands on if you can. So, we try to keep these guys around by doing this, "Well, here's what we're going to try to do. It's this product called blah blah blah and you're going to sell it like this and see if you could get people on the horn." So, we like reviews a lot. I really believe in the power of reviews and we were trying to kind of get something that would automate that process. That was the first thing we tried to do. Automate that process for brick-and-mortar businesses. That's not really working, then we're like, "You know what, I think our lives would probably be a lot better if we got even smaller. Stop doing this and just one remote and chilled for a bit."

Adam: So, we did that. We decided to do that. We did that in the middle of 2016. In 2017, I got rid of my apartment and I kind of was a digital nomad for a bit then in the beginning 2017, this guy from that company who we stole these customers from they got acquired and guy calls me. I was like, "Hey, there's this partner program that we spent $50 million building that they're just going to cut right now and I think you could pick it up pretty easily." So, I talked to all the people that I talked to whenever I'm making a big decision and they're like, "Yeah, it sounds pretty good." So, I hire this guy. He's expensive. We go on this $60,000 road trip to meet all these people… it's one of those things where you're like two days in and you're just like, Oh my goodness. This is not going to work."

I don't know exactly why or how but they were achieving something with this that was very different than what my goals are, which is profitable unit economic basis customer acquisition. They were just using it as a branding effort, as an education effort, whatever but yeah, we'll keep going with this. What's worst thing that could happen? Maybe we can get some of their whales and it'll be worth it and then worst-case scenario, we let the guy go. If we got another 50 or 60 grand a month revenue, fine.

Not only did that not happen, the guy convinced me to hire him in the middle of his non-compete. He had a year of non-compete. He's like, "It's California employer. It's unenforceable." I mean come on. I'm so mad at myself. So, of course, they sue me for kind of nothing. Enough to be something that a judge wouldn't just dismiss it immediately. I think I was doing something else with their API. We were migrating contacts automatically and people switched over or something like that and they said to cease-and-desist and I didn't cease-and-desist quick enough or something like that. So, it was a couple things.

And just the dramatic nature of what they said, the single-digit million company and at the time they were doing 350. They're like, "This is doing irreparable damage to our brand." Just nonsense, right? And then of course, so their strategy the whole time is keep me in a lawsuit for

a year and by that time, I will have gotten tired of doing this and I'll be on to something else. And they can sort of keep these people loosely engaged, not as formally engaged as they were before, which was right. So, that ended up costing 300 grand.

The only reason I think it's interesting is because when you're looking at upside downside in scenarios, this was not even something that's on my radar as a possibility that I would get sued and it would cost me 300 grand over the course of years. But I mean it's just agonizing. They send anyone, something, you'd collect all this information, send it back. They wait four weeks and then just write something totally different. But eventually got out of that and the next thing that I was on, which was also a horrible mistake and waste of time was I heard a podcast of this guy in the email marketing space. His name's Ross Andrew. He had a company called Maropost and it was Nathan Latka's podcast and all you talked about in Nathan Latka's podcast is your revenues and stuff.

I don't know why anybody would do it other than if they're selling the business or they want investment or whatever. This guy is like, "I get $9,000 a month per subscriber." And I'd heard of them a couple times before. He's like, "I got 350 customers." And I mean it just sounded unreal. He was exaggerating about the size of his company even. I was like, "Hold on, so he's got 10 salespeople, 30 million in revenue, 300 customers, 10 customers." but I'm like, "This looks great, really looks amazing, enterprise-grade ESP." And then I started doing some research. I started really just pinging everyone that no longer worked for him that ever did sales and marketing to try to figure out what was going on because my thing was I'm selling the same thing, I'm just not selling it in the same way. I have to figure out how this guy's doing this.

It's not an uncrackable code. And then I ran into this girl who she just was with him forever. She was his right-hand man and she started her own marketing agency a year before and I was basically like, "Well, I mean can I hire you to just talk to me about that experience?" And we started chatting and we came to the conclusion that they were moving upmarket and they were leaving this hole exposed that we could fill with a different product. And at the time I was dealing a lot with this domainer guy in his great domain lead.com. I was like, "Okay, we're going to call it lead.com and lease it from him, no dough upfront and we're going to build this ESP. It's upmarket." Because my own thing was I want to do things that MailChimp is not doing. That was why the selling it with humans was interesting because Mailchimp would never do that. Also, well they're not serving this 900 a month guy, so I gotta figure out who this guy is and have it sold to him.

So, then I thought, well we thought there was a whole new market. We start building this product, lead.com and then by the middle of last year, I'm really interested in this identity stuff. How I got interested in this identity stuff was I have this friend Ryan Urban. He runs a company called Bounce Exchange in New York. They're a big enterprise SAS marketing agency hybrid. They do this identity stuff. Some of my friends use his product and they were just raving about. So, the first problem that he was solving was for e-commerce companies ... abandoned carts are the most valuable emails, right? So, nobody's logged into these websites anymore but of the people that have been in cart, you probably have 75% or 80% of their emails but only about

15 are logged in. So, if you can identify them by cross device ID or whatever and send them the abandons, then that's a very clear value proposition for the e-commerce company.

So, we got all excited about this because my buddy was like, "Oh yeah, works great and everyone's going to do it if he can do this." So, I'm like, "Dude, your TAM is you're selling to Hearst Publishing and stuff. Can I try to attack the mid-market with my BSP selling this identity technology because no one else has it?" And it seems novel and interesting and the value is clear and all that stuff. So, tried to do that, couldn't get any traction on it whatsoever but one thing that somebody else mentioned about this identity thing when I was kind of digging into it, he was like, "What Urban is doing is sending emails to people that these people already have on their list. A whole part of the market exists, which is underdeveloped and it's a bunch of small companies in this gray area that you can do this with people that aren't on your list yet."

So, I set out to try to figure out how to do it. My attitude is just well these guys aren't Larry Page or whatever. I gotta be able to do it and that took maybe seven or eight months to figure out how to actually put it all together on the back end and then the idea was stick them inside the Robly. This will finally be what gets Robly to grow again. If I can go to you and say, "I get you 50% more opens and I can grow your list 10 times as fast as you're growing it right now by basically selling contact records of people on your website. Who's not going to use that product?

So, put it in Robly then I send one message to our existing customers and 250 people just raised their hand to buy it right then. We have 5500 customer or something like that. So, wow, that's interesting and then got him on it, a month goes by and we're doing customer interviews with people and a couple different buyer avatars were like, "This is an 11 out of 10 to the MPS question. I've already recommended it to a ton of people. It's the greatest thing ever." I'm like, "How is that the case?" So, for these local magazines, a lot of them sell.

So, we figured out it's super valuable for e-commerce. It's super value for publishers and some digital marketing type guys, it's also super valuable for three different reasons. The publishers, they sell their reach in one way or another and these emails are cheaper than the next source of an email by 70 or 80% most of the time. They seem to open at about half the rate because they didn't opt-in but they're still live email addresses and I can explain how I know that when we talk about technology. But this magazine in particular, they're like, "Well we sell the size of our list at $100 CPM and you're selling us emails at $250 CPM, for 25 cents a record." So, the payback in literally just two and a half email sends are a lie and the unsubscribe rate is whatever 1%. It's just a staggering ROI for somebody that's on that model.

Eric: I mean obviously it sounds amazing but where's the magic in the engine? Because basically it sounds you're saying I can give you $1 and you can just give me $2 back. Where do you pull the other dollar from? I mean we're not talking about money. We're talking about emails but where do you get that from?

Adam: So, you want to know how the product actually gets these customer records?

Eric: I guess that's the question, yeah.

Adam: Okay. So, there's three parts to the product to GetEmails. One, we're pretty deeply embedded in the email ecosystem. There are networks of cookie providers that will allow you to basically when someone takes action in an email newsletter, it will cookie their browser and put a hash email in it. If somebody opens or clicks an email newsletter and that vendor is partners with LiveRamp, LiveRamp pays that vendor $7 CPM for new hashed email addresses. LiveRamp is deidentifying these email addresses and then they're selling it out to an ad network for all sorts of behavioral sort of products.

So, hashed email address, it's encrypted in MD5. MD5 is a one-way encoding language. So, you can't unencode an MD5. A human being cannot do that, neither can a machine. However, adam@robly.com and adam@robly.com will always encode the same MD5. So, if you just had text of every single person in America, email first name, last name then all you have to do is get your hands on this MD5 and you can make identify these deidentified people with a simple VLOOKUP. So, this is basically what the product is. On one side it's the cookie ID which we have 35% of the US traffic cookie and then there's some losses you go to.

So, the database partners are these legion sites like credit card, health care, lowermybills.com. An embarrassing amount of US has filled out one of these things sometime in the last few years and the data is typically worthless after about six months or so because you just can't spam to it after that amount of time but you know that the email address is alive because sometime in the last seven days or so, it actually took action in an email. It can't be a spam trap. It can't be dead. It is a human being that did that and then you also know that that person was on their website. So, the person could have filled out the legion form two years ago, if the email matches, it's a good record. He's just alive, it's on your website, their first and last name definitely didn't change. So, yeah, this is the reason they're so cheap is because it's taking previously totally worthless data and giving value to it because those two phenomena, right?

Eric: So, this became GetEmails.

Adam: Exactly. So, we called it Robly ID. Just one thing that I noticed as we're trying to pitch this thing is you know I hired this girl Diana, she's an incredible salesperson. She's doing outbound trying to sell Robly Plus, Robly ID with this new value proposition. People were buying Robly ID and not even using Robly. Horrible product experience, and if I was in the headspace of 37signals and Tim Ferriss when I started my first company, I rent a desk from this guy who is a Y Combinator startup in Austin called Dave Rogenmoser. His company is Proof and they're all about these Y Combinator values and it's just a totally different approach. It's like, have weekly growth goals, do things that don't scale, product market fit before anything and there's so much content in their library, which is fantastic by the way.

If everybody hasn't dug through the entire Y Combinator library of contents ... I mean basically I asked David. I'm like, "What do you get from Y Combinator?" He's like, "Well, you make some

connections. It helps you raise investment capital like that but you can literally learn and do learn everything that they actually teach you on their website." So, I started digging into that stuff and the description of what product market fit was once you sort of read and listen to all these guys talk about it, it makes you sick and Robly doesn't really have it. It's hard for me to tell you why it's better than MailChimp. And I've tried to find different little ways to find a little hole to fill. Just hadn't really worked.

But one of the things our product market fit, which these guys all say is people will use and continue to use more of a horrible product experience. So, we had huge people signing up for this SMB email marketing tool, not even using the ESP, putting the Robly ID code on and then manually downloading it and putting it in their ESP at the end of every day. I mean it's just like, okay, that is a horrible experience. And they just want more of it. So, the sort of reaction that our original customers had to just one email is like, "Wow, this sounds great."

I was like, "Well, maybe I'm a good writer, maybe they trust me with products because they've been customers for a while." That was a good indicator and then between seeing how people were suffering through Robly ID, getting these 11 out of 10 MPS question, customer interviews and then the other thing that was happening was you'd start ... Do you have any ESP surely? If I start talking to you about why you should switch to my ESP, it almost doesn't matter what the feature is, you stop listening.

Eric: Because I'm automatically all that work I have to do and switch and blabbity blah.

Adam: That problem is solved, I'm not interested. If you eliminate the ESP discussion from this Robly ID discussion, people's faces were lighting up. Either you're fundamentally opposed to doing it because at an organizational level you're like, "I will not send email marketing that it's not opt-in. It's too high risk to the organization. It's best practice to just have an opt-in." If that's not who you are and you don't think this is fake, then you're just like, "Wow, I'll try that."

So, then we're like, "Okay, we should really just make this another organization that I love and see how they look and see if they canceled Drift." I think this guy is a fucking genius. So, I watched this guy at Saas Fest, December of 2014 right when Robly prime stuck, just started Drift six months before. I started Robly two months before him. He's sitting up there giving a presentation. First of all, all it is, is pitching Drift which I thought was interesting. Everybody else was talking about some big picture and very subtly pitching their product. All he's doing is pitching Drift and at the end of it he's already raised $10 million.

And somebody asked him, "Do you think this is going to work? He's like, "I have no idea." That is unreal and then he just kept his head down, all this sort of getting a product market fit and then they essentially had a chat bot. Everything that they thought about originally was totally wrong but they found this other great use case of booking demos for sales people automatically and then this category creation effort that he made in a space that was utterly crowded. There are a million chatbot companies but they're conversational marketing and they created that

category, wrote the book on it. There's conversational marketing as category, it's them and Hubspot and everybody else trying to copy them.

So, I think for what we're doing, it's so interesting. It's just the opposite of the email marketing conversation because there's 165 email marketing vendors. They're all selling virtually identical product even if they're trying to go up to impress the market. You talk to somebody, no one's heard of it. They're intrigued about it. They'll do it in most cases. And if you sit there, read this Y Combinator stuff and yearn for what they're describing, that's what this sort of feels like.

Eric: So, GetEmails is on the market now. Is there anything by the way that influences your situation with GDPR and all this other stuff that's going on in Europe and now starting to come over here?

Adam: First of all, this is CAN-SPAM compliant. Most people don't realize that CAN-SPAM in the US has actually opted out and it's not opt in. And the reason we all think that it's opt-in is because in order to build a successful and thriving email ecosystem, this belief had to be perpetuated so that spam filters and companies like MailChimp and ours and the ISPs, like Gmail, Hotmail and Spamhaus and everybody, they had a mutual interest in convincing the world that often email marketing is best practices in the way they do it but it's not actually the law. And what matters more than anything else is your engagement with email marketing. Doesn't really matter where you get your list if the complaints are low, people are opening, people are clicking in it, unsubscribes are low, it's fine.

Now, the next question is what about all of this coming California legislation? Even people that have looked at it and prepared their business for it, they all have a fundamental misunderstanding of what it is. So, the assumption is CAN-SPAM is here. GDPR is more strict than CAN-SPAM and the California legislation is also more strict than CAN-SPAM. Therefore, GDPR equal CCPA, which is not true. CCPA has nothing to do with opt-in email marketing. Interestingly, it doesn't even apply to anybody who doesn't have over 25 million of revenue literally.

You do not have to comply at all with anything and to comply, it's basically privacy policy changes. You have to set up a bunch of stuff to where if a consumer comes to you and says, "I want to see what data you've been collecting and I want you to delete that data and I want to opt out of data collection." You have to have mechanisms to do that but if you have over 25 million in revenue and you've already done that, you probably to use GetEmails, just have to make a small privacy policy change. You may not have to do anything at all. It's just a different thing than GDPR. It's a different thing than CASL. It's not about opt-in email marketing.

It will continue to be fine and as far as the CAN-SPAM law, the FTC reviewed that on February 19th of this year and said it looked totally fine. So, I think we're in the clear for at least a few years on this. Who knows?

Eric: You never know with these things but it's good that it looks that way. So, currently you're sitting in South America, right?

Adam: That is correct. Yeah.

Eric: Visiting some team members you have down there. Now, so you've got GetEmails running, you've got Robly running. So, what does this coming here look for you? What are you planning for beyond that?

Adam: So, another interesting thing about GetEmails, which I think your audience would appreciate is I try to not be this manic CEO that's just really excited about one thing and then abandons it. Now we're doing this and I got it built on UpWork. I didn't want to take any resources from the mothership because the existing plan was still until proven otherwise, the plan is Robly ID is going to be a differentiating feature of Robly and that's what we're doing. We're adding a bunch of features to Robly. It gets all the resources. I'm going to make this side bet but no one from the mothership is going to touch it.

And so, we got to build ... My CTO spent a week and a half on it. We launched it November 1st and then it's just unbelievable. It's the greatest example of 15 people holding hands trying to will Robly forward and this thing we build it on Upwork.

Eric: Yeah.

Adam: And people are ripping it out of our hands.

Eric: But to be fair, GetEmails is definitely standing on the platform a lot of things Robly went through.

Adam: No questions asked.

Eric: But that's what people think. The people get the impression that, "Oh, I can do what GetEmails done and skip the Robly stuff." The experience and the learning and all, you can't skip it.

Adam: Right. Absolutely not but I just highlight that as an example of what product market fit feels like and what it does.

Eric: Yeah, exactly.

Adam: No matter how many people I put on building this Robly thing, it's going to be really hard to get it moving forward. If you have the right thing, it moves forward by itself almost. I mean you have people out there.

Eric: And that's a testament to I think a good entrepreneurial quality is you definitely have to have a vision and you have to move towards that vision but at the same time, you also have to constantly be listening to the feedback and be willing enough to let go of your attachment to your own vision to address that feedback. You added Robly ID and then ultimately that was the feedback, right? You were seeing the response to a feature like that. There is an element of asking questions. You ended up going to meetings searching for things and asking people, having your sales people call people and looking at their reactions. When you get that 250 people raising hands, that's your indicator. Okay, let's run with this. Let's do something.

Adam: Your question was what does 2020 look like. So, every week that goes by, it's just more evidence that I'm a big believer in focus. We have me, my CTO, this girl who kind of runs everything for Robly who was doing product customer service, the three of us need to be fully extracted from working on Robly and that's not easy. So, that's a major priority for quarter one.

Eric: You're going to try and do that in one quarter?

Adam: So, I had pretty successfully extracted myself and Anne who was effectively the general manager of it, it's not that complicated the business. We had a sales guy, a few customer support, a manager managing engineers, so for the last, I would say, four or five months we've been talking about giving one of the other support reps more responsibilities. So, he's a buffer between so she can get off of slack for a few hours a day and spend more time on product and stuff but that was actually a plan that we were executing for the Robly plan. You got to take yourself out of the weeds. We need to be product first and actually do stuff the right way from a product standpoint.

So, we're just finalizing the details of this plan right now. It probably will take a couple quarters but-

Eric: But basically, replacing the ideas you have to replace yourselves.

Adam: Yeah. The only reason that we might be able to do that, of course, we've been working towards that over the last two quarters, just not with urgency.

Eric: I feel that's been a major theme for me the entire time I've been running the business. Constantly replacing myself and it's always such a pain to do, finding the right people, finding people who don't work out and then you have to get pulled back into it and then doing it again and doing it for all the different parts of the business. It seems like unless your starting point for businesses is okay I've got this many millions of dollars that's being invested into the business, I just hire all these people outright but if you're doing it organically where you start doing stuff and then you bring people on at some point, you naturally have to move up the scale and bring people in under. And it's always an ordeal.

I have a closing question but before I get into that I just wonder, is there anything just top of mind for you that's something that you seem to be somebody who spends a lot of time

researching, talking to people, reading books, reading things, is that something that you're doing now? And if so, what areas are you looking at for yourself?

Adam: Absolutely. I mean just always you know. A thing that we never did with Robly was we never did any marketing. It was all just these phone sales and I think this one just because of the nature of the market and no one's ever heard of it is all marketing. If somebody reads a blog post about it, the click-through rate is high, the conversion rate on that click is high. So, there's a ton of the top of the funnel stuff to do. One of the things about David Cancel which I kind of mentioned a second ago is this category creation thing. I'm a big believer in this. If you can create, if you can convince the market that you invented something, you didn't have to have invented it but if you can equate your brand to a term in the markets mind, a lot of value will accrue to you, to being number one in the space.

So, I've been reading a bunch. There's three really good books on category creation. One is from the '80s, it's called Positioning by Al Ries and Jack Trout and that's not specifically about category, so it's just how to think about brand positioning. One brand versus the other, those guys nailed it. One of the things they say are, so we can all agree that being number one is valuable because most people if they've heard of something, they won't listen to you but if they haven't heard of it, they will stop and listen. So, intrinsic in that is huge value.

So, how do you be number one? You just show up the firstest with the mostest, right? Then there's guys who have really made brands around being category creation guys. The guy who started Gamesight, which was a customer success SAS software. I didn't even know that existed, probably reason why he wrote a book about that. He's got a great book, a good playbook and there's another one called Play Bigger. These guys were in a consulting firm now and they all sold unicorns or whatever but they sort of talked about the types of things that you need to be doing if this is what you're trying to do, which is educate a market, own a term and then get your brand to be used interchangeably with that term.

And the term that we picked was email based retargeting. And yeah, I mean we bought emailbasedretargeting.com, we put this big guide on it and I'm trying to do things that sort of used GetEmails and email-based retargeting interchangeably. So, doing a lot of reading related to that, that's been most of it recently. I want to figure out how to write a book because I think this is another great thing to do when you're a category creator. If I can write a book on email-based retargeting then I show up as a speaker. That's great. I have this sort of storyline or pitch called "permission schmarketing". Seth Godin wrote this book called Permission Marketing in 1999, a year after Google came around.

My whole argument is just the notion that this is invasive what we're doing is so absurd when you consider what has happened in surveillance capitalism with Google over the last 20 years. When you figure out what they know and what they do and what everyone has access to, even the government, it's just the notion that you wouldn't email someone who is on your website, the fact that you would be concerned about being that invasive is ridiculous. So, we created a podcast called "Permission Schmarketing". I want to write this book how to be called

permissions marketing, how to be about category creation. So, yeah, the last few months I've been really trying to hone in on what the 2020, 2021 playBook looks for that.

Eric: That's cool but in regards to that Google versus emailing people on your site thing, there's a difference between being invasive and not being seen or let's not use the word "invasive". We don't want to say that, that's what it is but there's a difference between doing something covertly and doing something on the surface. The argument is if I email you know I'm doing it but we don't know all the things that are going on.

Adam: We should know first of all and second of all, they have a program that does ads in the inbox. Gmail ads, I mean they're advertisements. They're finite or whatever but I need to hone in on the storyline a little bit. It's not perfect yet but I think there's something there.

Eric: Well nothing's ever perfect but there's definitely like, it's of this time, this conversation because it's almost like you get dinged for being upfront about something. You actually opted into my list and there's a thing where you feel bad about emailing too much or doing something with these own people who came to you because there's so much talk about privacy but so much stuff happens behind what we can see, so we put the focus on the stuff that we can see, which is actually above board.

Adam: Exactly. I mean it's a really interesting point. I haven't even thought about that yet. I just knew that the storyline wasn't perfect yet. Another thing I've been reading a lot is the Snowden book and this woman wrote this book called Surveillance Capitalism because I'm trying to really nail this story down. As you said, I mean permissions marketing, the California legislation. It just complements this category creation effort so well because first of all, the product is controversial in itself. And every market has heard of permission marketing. So, when you're out there just being this guy who's yelling this permission marketing phrase but then it's actually got some intellect behind it, I think it's a great PR.

Eric: And do you feel resonant in your personality that you're okay with where that's going to lead? For example, this guy who did Drift gets up on stage, pitches, talks about his product the whole time but he knows he doesn't know how it's going to work out but people give him all this money. To me, I would be scared to death for somebody to give me $10 million before I figured out something that's going on. That's a personality type, right? He can do it.

Adam: Totally. I mean we'll see. I'm excited about it now but I think it's also just because it's working so well. We figured out that publishers were going to be a good avatar. There was a publisher conference like three days later in Philly. I went there and there was a startup package. I gave a 20-minute speech to the entire conference and everybody else's speech, everybody is on their laptop and on their iPhones and stuff. I look up at one point and it's just like I'm all staring through my head. It's just really ... Publishers the whole thing right now also is this privacy stuff and third-party data stocks and cookies are going away, all that stuff and I'm about to give a very controversial talk. I'm going the exact opposite way of everything you've heard of up to this point.

Eric: The way that this stuff is going, it's basically all just coming down from legislation. Nobody really knows what it all means but everybody is trying to comply with it but there's no clear picture. So, there's just always this whole cacophony of responses and reactions. It's definitely that thing in the room where 250 people will raise their hands. So, you seem to be all about going after those things that's really of the time, it's really interesting. So, for people who maybe are at the beginning of their entrepreneurial journeys or somewhere else, do you feel that there is a piece of advice that you like to impart to people who are going down this path?

Adam: Well, I would say read everything on Y Combinator's website. Try to really get a sense for what product market fit needs. Don't scale or raise capital if you have to or if you can before you have it. It will just lead to heartache. And then another thing that for some reason it always pops into my head because I did this and I see people who start all sorts of different types of things and they do this, don't hire your friend who doesn't have a job to help you out with stuff. You know what I mean? This idea that ... It's like the guy who told me, "Why would you not just go find the best sales guy you can find right now?"

Once you suffered through a few of the wrong people in the wrong positions and replace them with someone who's the right person for the job, you start to see this person on their first day was years ahead of where I was ever going to coach this other person to.

Eric: Well, and the key there too is you shouldn't have to coach somebody to do a job.

Adam: Exactly.

Eric: Especially if you can't do it.

Adam: Which is a hard thing to learn too. If you care about these people and you want them to develop or whatever. I also still love the 30 ... I mean I wouldn't probably waste my time on the 4 Hour Workweek, but I still love the 37signals guys' approach to stuff. I read Rework, I read Remotes but definitely take in the others, the Y Combinator opinion on how to go about doing this too and then decide what's right for you. How many other guys say, "Well the Rework guys are basically just running restaurants that sell." That's their analogy for any business that's not infinitely scalable and so if it's a restaurant, it makes enough money to pay the salaries.

And that's a great life. I mean I've been doing the restaurant thing last three years. It's a great life but this time around I'm excited about the growth part of it because I agree with what Y Combinator says, growth is the lifeblood of an organization.

Eric: It also comes down to what the objectivism from their perspective that makes a lot of sense because it's an investing game. These things are investments but if your business is a lifestyle business and that's your objective then it's not about all of the things that it is about. Some of these cross-pollinate, like some of these things are important to both sides but it

definitely is about where you want to take your business and what you want it to be and how you want to live your life inside the business in terms of what decision you make.

Adam: Another thing that just popped into my head, talk to everybody about your idea especially successful entrepreneurs. I think for people getting started, they have the tendency to think that someone's going to go out and do what they're doing but anybody who could successfully do that is already working on something that they think is more worthwhile than what you're working on. And the odds especially with people that are good and have been doing well, the odds that they can connect you with someone who can actually help you versus the odds that they'll steal your idea and somehow take what you're doing and be successful with it, they can probably connect you with somebody they can help.

Eric: Right. They can give you a lot more good things than the fear why people don't do it and one of those things too is because of their experience, they have this vision into the matrix of the idea from a seed to fully growing. So, they can tell you from today without you doing anything, "Oh that's not going to work." And they know because they can see it and so it can save you a lot of time or they can say, "Oh, if that's going to work, you need to do it this way." In which case you would have spent four years, five years trying to figure that out for yourself. Well, it's been a pleasure talking you, Adam. Thank you so much for sharing all of this with us.

Adam: Thank you Eric. It's been fun. Reliving the torture, the agony.

Eric: I wish you the best with everything that's coming this year. Just in case, so we've got everything. The sites where people can find out and learn more about what we talked about in regards to you are?

Adam: GetEmails.com and then Robly.com is the ESP and there's a podcast link on getting those, I've recorded 17 episodes that are just basically answering all the questions everybody has and you can get a good sense of kind of what I'm all about just by watching those. I mean I don't have a real online presence or anything but that's an exposure to what we got going on, our personalities, all that stuff.

Eric: Awesome. Thanks so much Adam.

OUTRO:

And that's a wrap for our first episode to the Subscription Entrepreneur podcast in 2020. I'd like to extend my sincere thanks to Adam for coming on the show and to you for listening to the entire episode.

I hope you're walking away with some ideas, insights and inspiration that will help you along your own path as an entrepreneur. For the complete show notes, a transcript and links to all the resources we mentioned in today's episode, head over to SubscriptionEntrepreneur.com/138.

We have a lot of great episodes coming up this year so be sure to stay tuned and subscribe to the podcast on iTunes, Spotify, Google Play and Stitcher.

We'll see you next time!