*Welcome to the Entrepreneur’s Guide to Finding Your First Customers podcast. My name is Jack Kaufman and I’m interviewing successful entrepreneurs about how they found their first customers for their businesses. Check out our book at yourfirstcustomers.com to reserve your launch discount.*

*Today’s episode of the Entrepreneur’s Guide to Finding Your First Customers podcast is with Dan Shipper, co-founder of Firefly. Firefly is software that powers co-browsing across the web. In this episode, Dan shares stories about how he found the first customers for Firefly and gives some good tips that will help you find your businesses’ first customers. Here we go.*

Jack: Hi everyone. I’m really excited to be interviewing Dan Shipper for the Entrepreneur’s Guide to Finding Your First Customers podcast. Dan, thanks for taking the time to speak with me and help share some of your experiences and insights about how you found the first customers for Firefly.

Dan: Yeah. Thank you so much for having me.

Jack: No worries, no worries. We can jump right into my first question which is can you tell me the story of how you found your first customers for Firefly?

Dan: Sure. I think probably first it would be useful for me to explain exactly what Firefly is.

Jack: Yeah, of course. Of course.

Dan: So we developed a technology called co-browsing. Co-browsing is like screen-sharing but it happens inside the browser. So what we do is we allow a viewer to connect up to a presentor’s browser, see exactly what they’re doing in their web site and collaborate with them real time. So it works something like WebEx or GoToMeeting but it’s different in a couple of key ways. One is that it never requires a download or installation either for the viewer or the presentor. It always runs instantly in the browser. Two is it’s a lot more secure, so the remote viewer is only going to see what’s on the web page itself. They don’t see other browser tabs. They don’t see other open applications on the computer. So it’s really focused around collaboration on a particular web site. And then three is that this whole new platform runs [00:02:05 Gnostic?] So it works the same way on a Mac or a PC as it does on an iPhone or iPad or Android device.

Jack: Okay.

Dan: And so the thing about this technology is it’s super general. Like it can be applied to a lot of different things, and that was one of the challenges at first is figuring out exactly where is this going to be useful and how do we get the people that are going to like it. And so the first huge case that we came up with was customer support. So if a customer’s having a problem on one web site, we allow an agent to connect up to their browser and see what they’re doing and sort of a, diagnose the issue much more quickly because they can sort of look over their shoulder, and then b, help them resolve the issue by guiding them to this site by highlighting what’s the page that you’re driving the browser for them. So we sort of had this idea that this would be a good way to do it. And then we came up with certain hypotheses about what kind of companies would want this technology. The main hypothesis that we came up with was okay, companies that are already chatting with their customers on their web site, they already have some sort of chat widget, are going to want this as an add-on. They’re going to want this. They’re just going to kind of slab this into their support process and that’s going to be the easiest kind of company for us to start with. And so what we did was we bought a list. You can buy these kinds of lists pretty much anywhere, but we want a list of companies that use live chat, a site called BuiltWith.com, and we literally just started emailing and cold-calling. And what we found was not everybody who used live chat wanted co-browsing, but a lot of people were using live chat products in particular sectors like what we’re doing. The tendency is when you first start to do sales is to kind of feel like you get in front of them and you just pitch and you’re the one that’s supposed to be talking the whole time, otherwise it’s not really a useful sales conversation. But in fact, the opposite is true, and we basically made sure to figure out what kind of support these companies did and what kind of questions they got and what they cared about in terms of their support process. And sort of we talked as little as possible about our product like just letting them know what it did. What we really wanted to do is we’re approaching it from the angle trying to understand what they need and what they wanted, how this product could fit into their daily support process. We did that over summer, and sort of by the end of that summer we had definitely a lot of—I don’t know exactly how many signed up but definitely a handful of paying customers. And then what we also had found is not only the people that were already using chat companies going to be good customers but the chat companies and sellers were going to be good customers. What we found out about the chat market is that it’s super fragmented. There’s like 60 companies and all do very, very similar things.

Jack: Okay, interesting.

Dan: And being able to give them kind of a feature that’s very broad built that would give them sort of a leg-up on their competitors was kind of an interesting value proposition for them, and so that was another direction that we went in.

Jack: Great, great. Something you mentioned is that there are a lot of use cases for co-browsing that are valuable for businesses and companies and organizations. Could you talk a little bit about how you started kind of targeting the chat market and companies who use chat applications to kind of help with customer service? Can you kind of talk about how you expanded beyond kind of just starting with customer service and moving into other areas?

Dan: Yeah. So I think basically like from the beginning we knew it was generally on technology but the first was obviously the case was chat like we talked to you about.

Jack: Yep.

Dan: And then what we sort of started to see is that there were all these people that had different ways that they wanted to use co-browsing. So some people wanted to use it for support. Some people wanted to use it for like kind of sales motivations. And financial services, people were talking about like well I want to be able to use it for a financial advisor 200 percent to their client on certain online dashboard. There were people who were using it for allowing doctors to go over scans with each other or online medication scans. There were a bunch of other things. Like one use case that we came up with was being able to watch someone on your site to sort of see how your users are using your site.

Jack: Interesting.

Dan: Kind of different use cases. Basically what we decided is okay so this customer support thing is one layer of our product, and then below that is sort of an API. And the API is a clarent API that you can use. You can just insert it on your web site. It would take any kind of single-player screens and make it multiplayer. You don’t have to code it. You don’t have to do anything. You just insert our snippet and use our API to customize it for your use case. And so either what you can do is you can buy our customers for that, and everything’s gold, everything’s great. You can slide into its core process or you can go a layer below and you can use our R-API which is totally [00:07:25 inaudible]. You can build your own customers for that. You can build into a cat app. You can build it into your finance services platform to create features for advisors and clients. You could build a sales platform. You can do whatever you want with it. In that way we can attack the more general use cases as well.

Jack: Okay.

Dan: That was sort of where we were at the time, and when we were building towards at that time we worked hard.

Jack: Great, great. Were you funded or bootstrapping at the time you were finding your first customers?

Dan: We were totally bootstrapped. We took 20k in funding around a month that we actually launched after we had paying customers and stuff like that, but that was all the money we raised. Yeah, we didn’t raise any more. So we went to build our product.

Jack: Great, great. And so were your first customers paying you immediately or were they just users as kind of like a beta period on? Could you also talk about what your business model was when you were acquiring your first customers?

Dan: Yeah. We did a couple of customers where at first they weren’t paying us, but we tried to transition them as quickly as possible into paying customers because you don’t really learn a lot from somebody who does not want to pay you for your product. In terms of our business model, basically we were a SaaS model, but the pricing that we charged was very different for different customers. So if you’re a small business and you signed up with us directly versus being a large business signing up with us directly, the way that we charged them is very different. Sometimes we charge per seat per month, and if you go sign up on our web site, we charge between $25 and $99 per agent per month that use us. For example we did a video with Olark that has over 5000 small, medium-sized businesses on their platform. We had rolled out to all of them. And obviously we’re going to have to charge very different prices for someone like Olark who’s paying for all their customers. We would charge for like a small business that signed up. I’ll tell you about financial advisors. We were used by this money called eMoney Advisor which has thousands of financial advisors from some of the top financial services companies in the world. We had rolled out to all of them. And so obviously we were charging them very differently than we would charge Olark or charge other customers. So the model really varied and was one of the challenges of what we were doing because it was such a general type piece of software. We’ve had cases that we had to charge very differently. But it was basically just a SaaS model.

Jack: Okay, okay. Great. What were some specific kind of strategies you used to find your first customers? So you mentioned kind of buying a list of people or companies that use live chat apps and reaching out to them directly. Were there any other strategies that you used?

Dan: Buying lists, intros, especially because a lot of the deals we were doing were like larger deals. So intros, lots of going to LinkedIn and also just researching Google for random companies that we thought would be good fits and doing a lot of cold outreach. We did some SEO stuff like trying to basically rank for terms that we thought would want to use us who were using like for example co-browsing. If you search co-browsing, we’re one of the top. Not very many people search co-browsing but people who search it are very, very good customers. They know what it is that they want, so that was important. Press stuff, It’s always useful but it’s very hard to get like a really solid ROI on it, but we did get a lot of press. I wrote a lot of blog posts and stuff like that which were helpful, but I think the most important part, for us at least, was a lot of the cold outreach and a lot of the certain network. We were going to choose the right people.

Jack: Okay. Great, great. And could you talk a little bit about how like maybe what percentage of the time when you would cold email or reach out to someone kind of cold contact him or her, what percentage of the time you get a favorable response?

Dan: So it’s sort of a funnel, right? You send out 500 emails and you get like 10 of those people respond with a favorable response, and then those people later actually signed in with you, and actually the numbers are probably a lot more than that. If you’re really doing like big deals, it’s like a thousand emails and then you get like a couple of deals at the end of one. Especially when you’re still figuring things out, you’re not really going to get at sales yet. The thing about closing larger deals is that even if you don’t close a deal for your first nine months, if you close one, it makes you a real company. In our first probably nine to ten months, we did about $2000 in revenue. And then like the 11th month, we did probably five to ten times that.

Jack: Oh wow. Okay.

Dan: So, yeah that’s really how it works with the kind of business model that we had.

Jack: Okay. Interesting, interesting. And what’s your number one tip out there to prospective entrepreneurs about how they can find the first customers for their businesses?

Dan: I mean, I think the key is to come up with a set of hypotheses about who those people could be, and once you have something concrete even if you don’t know whether it’s right or not and allows you to figure out, okay, if this person was my customer, where would I find him? So if someone uses a chat widget is my customer, how could I find them? Okay, so there’s a site called Built With which has a list of people who use chat companies or maybe I can Google them or maybe I can go on a chat company’s web site and they have a list of customers and stuff like that. So once you come up with something concrete, it allows you to like dive in headfirst. Even if those people don’t end up being your first customers, you have to start somewhere and start working your way from that.

Jack: Great, great. And I just have one more question for you which is where can people find you online? Where can people find Firefly online?

Dan: So you can find me on Twitter at @danshipper. And they can find Firefly at [www.usefirely.com](http://www.usefirely.com).

Jack: Great. And with that, thank you again, Dan, for taking the time to do this interview.

Dan: Thank you.

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