*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 Liam Gooding, co-founder and CEO of Trak. Trak is a SaaS application that provides analytics for data-driven startups and businesses. In this episode, Liam shares stories about how he found the first customers for Trak 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 speaking with Liam Gooding today for the Entrepreneur’s Guide to Finding Your First Customers book and podcast. Liam, thanks for taking the time to speak with me and help share some of your experiences and advice about how you found your first customers for Trak.

Liam: Yeah. It’s awesome for you to invite me on, Jack. I mean, I think it was kind of cool, you know. I was literally just sharing some of the previous podcasts on Twitter as well when you reached out. So I was like “Yeah! Perfect timing.” Just finished the Jason Cohen podcast. So yeah, you know, it’s perfect timing.

Jack: Yeah, yeah. We’re really glad to have you on. So we can jump right into our first question then which is could you tell us the story of how you found your first customers for Trak?

Liam: So we actually started out building Trak, we were kind of in between a previous product which we just sold to the investors and we were kind of just chilling out and kind of thinking what we’re going to start working on. So it was kind of like a slow, almost like a hobby project at first. We didn’t even think about customers for the first month. We did everything wrong. We were just like “Yeah, let’s build a product which kind of solves the problems that we came across in this last startup.” We had some savings and then we had some money as well aside. So personally, we didn’t have that immediate kind of hunger pulled to get our first customers. It was only really when we were kind of maybe like two months in and we were like “Hey, this is kind of cool. People are starting to really enjoy this.” We were signing up for waiting list at this point. We had the launcher page up. But no one’s paying us anything, right? So people are signing up and we’d started to send kind of small groups, 50 people a time, “Hey, come check this out. Is it cool or is it just us?” And then we were like, okay this actually could be the fulltime business. Let’s not go do this like this. Let’s start to turn this project into what we’re going to do. And so I sat down with Matt, my co-founder. And that was where we were like—and I kind of regret the decision we made at the time—but we were like “Hey, let’s stick to giving it away for free. We don’t have the immediate need for revenue, so let’s just keep it that way for free and let’s look for investment instead so we can focus.” So we actually went out and found an angel investor—well, an angel investor found us through Angel List which was really awesome. So we took the investment with Kima Ventures. So we got $150,000 angel investment which I think I’ll say actually in terms of changing our minds about finding our first users compared to our first customers kind of changed things a little bit. We went for like two, three months and then we were like “You know what? We’re building a product for users and not for customers.” And that’s, you know, to kind of bring it back, that’s what really inspired me here in the first podcast because actually if I could re-do that again from day one I would have charged and said, “Hey, if you don’t want to pay, don’t come use the product. If you’re willing to pay, you’re business like put a couple of dollars down. We’re talking the price around at Starbucks and we’re going to work with you to bring value out.”

So it took us a few months and we started off in $29 queue jump. So the idea was you sign up for the beta, it’s a free product. You think you’re signing up to test a free product out just the same. And we weren’t lying. We had a waiting list that was way too long than what we needed at the time. So we said, “Hey, you know, it’s about six weeks.” I think I said it was like four to six weeks at the time before we’re going to bill to invite you in. We just got enough startups and larger businesses testing us out. But pay us 29 bucks and we’ll let you in straight away. Honestly, I would recommend that same strategy to everyone who’s nervous about charging straight away. They’re not sure and they’re like “Do we just want to block and charge?” Because we kind of got the best of both world, you know. We got the volume of all the free users who are like “Hey, it’s only a hobby project I think I’ll wait.” But we also got straightaway all the businesses kind of identified themselves by saying, “Yeah, time is money. Here’s $29. That’s nothing. Here’s a card. Right, I’m in the software. I’m testing it out.” And to be honest, some of those people kind of tested it out within two or three hours and went “Hey, this is not the product for us. It seems great, guys.” And you know, to those people obviously we offered refunds and stuff. Interestingly, some people were like “Yeah, no. Like it’s cool. Keep the money. I love what you guys are doing. Like it’s only $29.” And then you look down at the other end of the scale where we did have one to two people email us and were like “What? I’m not paying $29. Whoa, that’s extortion, guys! What a rip off!” So it was a great way to not put up an absolute payment barrier, but it was a cool way to say, “Hey, put your hand up if you’re a business with a credit card. We’ll go and we’ll listen to what you’re saying a little bit more and we’ll take the all onboard when you’ve given us feedback.”

So yeah, I think kind of from the standing start, I think it was probably about four months it took us to get that first credit card, that first $29 payment. We actually sold, of those people, I think we put all the startups in the blog post, it was about 11 percent conversion rate of people who said, “I’m not going to pay” to “I’ll pay.” So we converted a fairly good conversion rate. And then of those, we also sold three. We offered a launch partner deal. We were like “Hey.” Well, we didn’t tell them but basically we had a huge server build coming up. The following month, we just doubled all the servers and we were like “Oh, this might be expensive.” So we offered a launch partner deal. $500 upfront and you’ll get the year and the platform for free. Well, not for free. Included in that $500. And we sold three of those on that day with an email. So it kind of showed, you know. In the space of a few months, we’d gone from thinking “No, we must give this away for free. Like here’s a project. It’s not worth anything yet.” to “Actually, wait up. This is probably worth $29 to some people. Actually why don’t we ask some people to invest $500 in this right now upfront and show us that they believe in us, they believe in what the product can do, what we’re doing” and then straight away those people put their hand up and said “Hey, we’re more of an established and apprised customer. When you want to ask those questions, we’re the people to come and ask.”

Jack: Okay, interesting.

Liam: It was a really great validator in terms of the customer feedback as well.

Jack: Yeah. And so you mentioned that you raised some funding at the beginning. Initially you were just letting in free users. How do you think that affected your product development versus kind of eventually when you decided to just start charging people and getting revenue from customers instead of just having the free users?

Liam: Yeah. So there’s two parts to this answer. The funding, if I’m honest, if we had been building a different SaaS product that wasn’t analytics, the funding would have been a totally different question. So if we have said, “Hey, we’re going to give simple email alerts connected to your Trak account.” To run an example, okay. The take for that, for that to be production-ready out there is a bit of backend text, some great UI, some great design. We could have had the finished product out there within, what, eight weeks tops. Launch on Heroku, scale up no problems. So the $150,000 angel investment would have been a completely different situation to where we looked at where we were like from day one like our minimum spend on AWS started out at like $600 a month.

Jack: Oh wow.

Liam: So because we want to be able to give real-time data results, so we overspec all the services from day one. We’ve got primaries and secondaries every single day. Is that possible? Because heaven forbid, a server was down and we’ve got critical customer data. So we made some huge investments into infrastructure from day one that typically wouldn’t have needed to be an MVP. So that offsets some of the funding like from that point of view.

Jack: That makes sense.

Liam: But then you know in terms of how did that affect us, well we actually blogged this up. We went through a huge change of mind about the whole freemium versus free. Like a lot of entrepreneurs online, you read about freemium, it’s the way to go. Like if you’re not freemium, you’re not going to succeed because MailChimp do it. All these big startups that do freemium like “Dude, how can you charge? How can you not have a free plan? Everyone has free plans, right?” So we were always like we’re going to have a free plan always. We’re going to always have this freemium business model and we’re like we’re in cool support 97 percent of users for free who will never pay us to support those 3 percent of paying users. And then for us it was mostly it wasn’t about the cost. It was about a product development point of view. We’d take in 20, 30 product emails or conversations, having 10 or 50 really in-depth kind of customer interviews a week. I was like there’s so much noise. Like any product manager knows or any entrepreneur knows how do you know what to build. How do you know when you’re saying like what’s the missing part. We’ve given you the 80 percent. What’s the last 20 percent that’s going to make you need to pay? And you hear all these points of view and they’re all just opinions and points of view. And you’re like how do I know whose opinion counts more than others. And we kind of realized that the guys who those people in the very first instance who go “Hey, here’s our company credit card. I’m willing to pay now because time is money in my business, right?”

Jack: Yep.

Liam: Their opinions were leading us towards valuable features, and we’d noticed when we looked back, all the changes that we’d implemented come from feedback from those launch partners or those priority access people, they’d have significant impact on the product’s value, right?

Jack: Yeah, interesting.

Liam: Their features really count up. But when we looked back and we saw all these little suggestions and tips and changes and just conversations like we’re only a three-person team. the amount of time that I’ve been spending and having conversations with all these users, when we actually look at the quality of that, it wasn’t that great, So we made a huge decision. It resulted in a lovely little [00:11:54 inaudible] use for a day to basically say “Hey, we’re going to drop our free plan.” We’ve said we’re going to launch this product in beta and during the beta we’ve said we’ll have a free plan. But you know what? This is a huge service. There’s a lot of infrastructure behind it. In retrospect, there’s a cost down in. But mostly we’re in a product development stage. We’re in a mature market. Like now the tech’s market quite mature. We’ve got to make smart decisions about the product. And we think that paying customers are going to help us to build a valuable product whereas our free users are just kind of helping us build a cool product. And that’s cool. But we’re trying to build a business and a company that can bring value to other companies. So yeah, we ditched our free plan in great flaming glory. And like I say, ironically in doing that alone, we actually brought a ton of PR and traffic and signups on the day when we announced that and we got a load of emails from our existing users and like “Hey, who would have thought it like charging money makes for a better company?” We got a lot of support, a lot of kind of fun, sarcastic sort of emails. A lot of people saying like “Hey, guys. You’ve changed what was going to be a free plan into a $9 plan.” Like that’s the price of two coffees in Starbucks.

Jack: Yeah.

Liam: Do you know what I mean? It is not like you just blocked us all the way. Like if we can afford $9 like we got bigger problems than whether we can afford you or not. So like our beta users in conversations were totally onboard with us. You know, there were a few guys who were like “Hey, we’re an open source project. Like that’s a shame. We don’t even have company cards, and obviously for those cards we’ve paneled everything on a case by case. So anyone who’s needed grandfathering, has been, and/or need looking after has been. So externally like a few people like hey that’s really unhappy, but while those people were complaining or criticizing what we were doing, behind the scenes actually businesses were coming to us and saying like “Hey that’s cool. You’re building a stable company. If we’re going to drop our data into you for the next five, six, seven years, like we want to know you’re still going to be around.” So that’s great news.

Jack: Yeah, interesting, interesting. That’s very interesting that the feedback you got from the paying customers kind of led to more valuable product features than the feedback you were getting and the suggestions you were getting from your free users.

Liam: Yeah, I mean 100 percent. I’ve never been quoted. You don’t see me on Twitter with like wonderful, little motivational spokestyle phrases with my name attached to them. But the one kind of quote from that blog I quote which is seen popping up in the searches a lot is that exact phrase, you know. Paying customers help you to build a valuable product. Free users help you to build a cool product.

Jack: Yeah.

Liam: And I think if I go down the startup journey and we do any of this sort of stuff from scratch again like a hundred percent, that’s going to be printed up huge and stuck on the office wall every single day.

Jack: Yeah, definitely. Yeah. No, that’s very important, Valuable product is how you build a business. So interesting, interesting. So when you did start charging people and got rid of your free plan, what was your business model? So was it a monthly fee? Do you offer yearly access? Can you talk a little bit about your business model?

Liam: Yeah, sure. So as soon as we came out of the private beta, so we kind of said, “Hey, at this point, this is happening.” So blanket across the board, everyone was given a full 30 day free trial. So even though we had users who had joined with this 29 bucks thing, they’d probably been on the platform for like four or five months at some point some of these users. We said “Hey, from this point, everyone gets a full 30 days.” In this time, we did a big feature. The product’s changed. Export your data if you don’t want to stick around, but you’re all got a month. And that kind of tied it in because we published our price which was a monthly pricing like starting from $9 or $49 or $149 for that, the bigger packages. 30 day free trial. I mean, interestingly, you see a lot of startups just go “Hey, it’s a 30 day free trial because 37Signals said so and that’s it.” Like that’s the law of SaaS. I’m proud to say we didn’t do that. We looked through all the users and said roughly how long does it take people to integrate because less so now, but back then it required a lot of customer coding to actually get. So that was like you had to sit with the developer or you had to be a developer and spend like three or four hours writing code. So that process usually took two weeks, two to three weeks and then a week to use it and see it because the data is real-time and instant. So we were like once someone gets up, if they’ve got a week to two weeks to test it out, that should be a good frame to actually test it. But at the same time, a few people suggested we have like a 45 or 60 day trial. But I think it’s really important to have the shortest free trial possible because you need to know if that customer is or isn’t interested.

Jack: Yeah, definitely.

Liam: If it’s a half-interested, you can always extend on a case by case. It’s a not interested, you’ve got all these unknown users just sitting around, taking up the time. When you try to explore them, hey, are you finding it valuable? You email them. You’ve got them in your CRM. You’re working on them. They get to their end of 60 days and like “Oh yeah, I just didn’t like it. It wasn’t for me.” Yeah, I think it was really important that we got that as short as possible, but for us, I think 30 days was probably the shortest we can go away with. And then yeah, it’s monthly SaaS. So we haven’t even put out any annual contracts. We’ve got the three businesses who took the launch deal with us.

Jack: Yeah.

Liam: Cool guys. Again, the idea that they invested in us almost as customers, you know. But like I said, we haven’t put them out. To be honest, for no reason other than we just haven’t got around to it.

Jack: Yeah, definitely. I understand what you’re saying.

Liam: In taking a pre-payment.

Jack: That’s understandable. Okay, so great. You kind of mentioned a few tactics already that you used to get your first customers like charging people to get to the front of the line on your beta period and also getting rid of your free plan. Are there any other kind of specific techniques or strategies you used when finding your first customers? You mentioned also that you had an email list that you guys built up. Could you also maybe talk a little bit about how you built up that list initially?

Liam: Yeah, sure. So I think at the time when we kind of just planted the flag in the ground, it was like hey we’re leaving private beta. I think that list was about 3200 emails.

Jack: Okay, wow.

Liam: But bear in mind, I’d say 30 percent of that list was dead because, you know, some of those people had signed up to a launch landing page like seven months ago. I did kind of a crappy job in the first few months of like keeping them engaged with content. It took me a while to kind of change the minds. So like this is going to be my career for the next seven years. Take it serious. By that point, some of that list have already died which is a shame. But we did still have a healthy list. So straight away jumped on to the growth hacking content marketing term. So it was like hey there’s some quick wins here in terms of content. I can take what I’ve learned as an entrepreneur over the last few years and as a developer because originally I was a PHP developer. So I was like I get all the technical stuff. I get the marketing stuff. There are some good content wins to have here. Went out. Did a bunch of interviews. Did a ton of Skype calls with founders. And just put together I think it was at first like five to six major blog posts, like 2000 words long each. So that instantly gave us something to open up that list and kind of wake it back up and be like “Hey, you haven’t heard from us in a while. There’s this thing called Growth Hack and everyone’s talking about it. We’ve kind of analyzed some tactics. So here are some tactics. Here are some strategies. Here’s what’s working. Here’s Pirate Metrics. That’s what Pirate Metrics is all about. So first of all, that brought up that list back to life.

Jack: Okay.

Liam: So that was really, really effective at bringing that list back to life. So it went from getting like one, two percent click through rates. We got that up to about 50 percent open rate, 12-18 percent click through rate.

Jack: Nice.

Liam: Where it’s kind of stayed as well, so that’s cool. The entire list primarily gets fresh, good content. We only send our own content to that at the moment.

Jack: Yeah.

Liam: So that’s one thing. In terms of kind of building that list, Twitter has been huge for us. So obviously there’s no need to talk about hey, social media marketing can bring customers. But one thing I will say that we did do is a hundred percent focus on Twitter. Make sure I did a ton of aggregation. I obviously used buffer to help that out. And yeah, on a daily basis, our Twitter accounts can drive 300-500 clicks.

Jack: Oh, whoa!

Liam: So, again, working on building up that click through rate, kind of working on headlines, how to change headlines. And you know it’s a balance. You can’t send all of that traffic to your own content. We just don’t have that much content yet. So on a day, we’ll buffer maybe 10 pieces of content of which one or two might be some of our older Evergreen posts. So focused on building the Twitter primarily channeled as a distribution. Focused on bringing that email list back to life and on growing that email list. Did a few things with Core but really time consuming. Like we didn’t really see the scale on that. So I think Core is super high quality but right now I can’t see how I can scale that in terms of my time. So that’s not been too useful. And then yeah, like I said, making sure that every one piece of content that we write I get the most out of it. So write a blog post, submit it. HackerNews.com, GrowthHackers.com, Monocle.io. Submit to those directories. And then if there’s a SlideShare we made from that, if there’s a Screencast, any kind of guest posting that we can do around that. So really try to maximize the most out of each piece of content.

Jack: Yep.

Liam: But yeah, like I said there’s no kind of secret growth hacks that we’ve done. There’s no kind of dark secret magic that we’ve been doing. We’ve just been putting out good quality content to a good list and you know aggregate and building relationships over Twitter with other pieces of content as well.

Jack: Nice. That’s a great strategy and a very effective way to market and get more customers. So I just have one more question for the interview which is what is your number one tip out there to prospective entrepreneurs about how they can find the first customers for their businesses?

Liam: Okay. So in terms of finding the first customers, my advice, which is actually like it’s hypocritical because it’s actually advice for myself, but one thing that we should have done, could have done, and would have been an easy, easy win was cold emailing.

Jack: Yeah.

Liam: Like very recently in the last few weeks, we’ve been having huge success with cold emailing. Like “Hey, here’s our product. You’ve got an awesome business. This product will make your business 20 percent more awesome. Just put two and two together and take a free trial.” I wish it was that simple, but honestly it’s really, really more effective. In a B2B SaaS space, it’s crazy effective. Like if you have a product which saves tons of dollars or tons of times which translates into dollars and you’re asking for $9 or $19 or even $100 a month, it’s a really easy equation for the person to do. So cold emailing is, in my opinion now, what we should have done to get our first ten paying customers without a doubt. But secondly to that, I mean obviously it’s hard to say because we have the content of now and perhaps adds to the credibility of the cold emailing, but second to that guest start on the content straight away. Like in the early days, stick to a few pieces of amazing content. I mean, I actually start turning my mind into a book. I ended up getting so carried away with writing this long form content that we started writing a book.

Jack: Interesting.

Liam: We sold like a hundred copies of that book already, and it’s like 60 percent written, right? That’s crazy because we were like hey, we either put out four blog posts a week or we put out one blog post a week. And then I look and I’m like “Well, it’s just me writing it.” There’s nothing outsourced and then I’m also doing product management. I’m also doing customer support. There are two guys, bless them. Like they’re totally hands down on the coding and the development so they don’t have any time to help. So it’s like how do we focus this? And yeah we decided that it was all about a few pieces of amazing content. And Evergreen is possible. So don’t try and jump on new stories and things like that like write something now that’s still going to be getting traffic through Google in a year’s time. But if you get a couple of those pieces of content and you’re going to need one or two to get a big amount of exposure through Twitter, get resyndicate on some other blogs, get on Hacker News or some similar directory for a day and that can bring enough of a spike to keep you busy for the next month without a doubt. So yeah, cold emailing really direct to get your first customers. And then yeah just focus on the content for sure.

Jack: Alright, Liam. Well that was my last question. Thank you again so much for taking the time to do this interview today and share all these great insights and advice. Yeah, we really appreciate you sharing all this.

Liam: Awesome. Thanks very much, Jack. And yeah, really looking forward to the book coming out, so thanks for letting me be a part of that.

Jack: Yeah, of course. No worries, no worries.

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