Zero to a Million Users

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(dropbox)

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(xobni)
Summer 2006: Humble beginnings
• Xobni, Dropbox – VC-backed startups in SF

• Both reached 2 million users in 2 years
Make something people want.
Biggest risk: making something nobody wants
Weak product-market fit cannot be fixed by good marketing.
But good product will be wind at your back
Xobni Analytics: Solved problem no one had
Goal: product-market fit ASAP
learn early, learn often
Cost of change at each stage

Idea

Prototype

Launch
Learning on a $0 budget: Talk to people!
Learn without launching

**AdWords tests**

*File Sync Software*
Sync Files Across Multiple Computers. Free 14-day Trial!
www.Dropbox.com

**Hacks: Fake landing pages, screenshots, etc.**

*AcaiBerry Detox*
Flush POUNDS from your system with the power of ACAI!
- Higher Anti-oxidants than Pomegranate and Green Tea
- Flush POUNDS and POUNDS without heavy dieting
- Slims your stomach
- Increases energy and concentration
- Feel and look better every day

Get a Trial Bottle of Pure Acai TODAY!

Only 65 trial offers left!

where should we send your free trial?
- First Name:
- Last Name:
- Address:
- City:
- State: [Choose]
- Zip:
- Phone:
- Email:

RUSH MY ORDER
Dropbox’s minimum viable product: 3 min screencast on Hacker News (Apr 07)
Dropbox synchronizes files across your computers and your team's computers. It's better than email, uploading, or a Windows file share. It just works.

It's seamlessly integrated into Windows, but there's also a web interface. It also stores past versions of documents, handles huge files gracefully, and works both through firewalls and offline.

Update 3/20/07: We haven't launched yet, but we are admitting people into the beta. We'd be happy to keep you posted about the beta program and launch (your email won't be used for anything else.)

E-mail address: you@example.com  Submit
starting from zero
Go where your early adopters hang out
Private beta launch video → 12,000 diggs; beta waiting list jumps from 5,000 to 75,000 in one day (Mar 2008)
Avoid ghost towns:
bootstrapping to critical mass
Niche first, world later

Facebook → Harvard

Yelp → Golden Gate Bridge

Twitter → SXSW 2007 Austin TX
Fake it till you make it: Aardvark & simulating features that weren’t ready
marketing: building buzz
Tie yourself to a bigger trend
Meet journalists in person. All the time.

Hello
My name is
Adam
Journalists are *really* busy – come up with the angle for them.
News Room

Press Releases

Xobni Mobile Launches
MARCH 17, 2010

Xobni Releases Salesforce CRM Extension to Help Workers Manage Business Relationships
NOVEMBER 17, 2009

Xobni Selected To Join Microsoft Bizspark One Program
NOVEMBER 17, 2009

See all press releases

Media resources page on web site
Word of mouth rule #1: have a great product
Generate word of mouth with scarcity
Help users generate tell their friends
Invite screen

- Facebook pictures
- Auto-ranked
- Outlook detection via looking at mail headers

= FUN!
Sex it up! Have fun!
Inbound marketing / “social media”
how do you get people to use your product?
Focus: do a few things really well instead of a lot of things poorly
Every 10% easier → 50% larger audience
Don’t make me think:
No decisions → nothing to screw up
Don’t make me read, either:
Designing landing pages & signup flows

- concise beats comprehensive
- call out the next step
- simple converts better
Hook the user first, educate over time (tours, tip emails, etc.)
You do not see the same product your users do! (craigslist, usertesting.com)
Make feedback painless – then iterate!
how do you make a product that spreads itself?
The best products turn users into evangelists.
Encouraging word-of-mouth: Referral program increased signups by 60%
Invite your friends to Dropbox!

For every friend who joins Dropbox, we'll give you 500 MB and your friend 250 MB of bonus space (up to a limit of 16 GB)!

Option A: Share this link

https://www.dropbox.com/referrals

Share on Facebook  Share on Twitter

Option B: Invite contacts from your email account

(Gmail, AOL, Hotmail, Yahoo, etc.)

Your Email
Email Password

Retrieve your contacts

Option C: Invite friends by entering their e-mail addresses

Trailing 30 days: 3 million invites sent
metrics: know thy funnel
Basic funnel

Users

$$$

Basic funnel
Startup Metrics for Pirates. Live it.
Output 1: know where to invest marketing $$
Xobni finding: AdWords users don’t convert to paid BUT they refer others who do!
Output II: allocate engineering resources between usability, engagement, & virality
Example: user education around people search
scaling without virality:
“dollar in, dollar out” marketing
Some markets don’t elicit virality or buzz
Total Lifetime Value - Acq Costs = Profit !!
Netflix example
(numbers not exact)

Phase 1

Total Lifetime Value

($16 \text{ rev} - $10 \text{ svc cost}) \text{ per month} \rightarrow $6/\text{mo} \\
x 22 \text{ mo lifetime} \Rightarrow $132

Phase 2

Acq Costs

$40 \text{ advertising, affiliates, etc.}

Phase 3

Profit !!

$92 \text{ lifetime gross margin/user}
a quick taste...
example user acquisition costs

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>satellite tv</td>
<td>$700</td>
</tr>
<tr>
<td>cellular</td>
<td>$400</td>
</tr>
<tr>
<td>cellular (prepaid)</td>
<td>$100</td>
</tr>
<tr>
<td>web hosting (shared)</td>
<td>$150</td>
</tr>
<tr>
<td>netflix</td>
<td>$40</td>
</tr>
<tr>
<td>facebook apps</td>
<td>less than $1</td>
</tr>
</tbody>
</table>
example monthly rev per user

<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>satellite tv</td>
<td>$70</td>
</tr>
<tr>
<td>cellular</td>
<td>$60</td>
</tr>
<tr>
<td>web hosting (shared)</td>
<td>$5</td>
</tr>
<tr>
<td>netflix</td>
<td>$16</td>
</tr>
<tr>
<td>facebook apps</td>
<td>less than $1</td>
</tr>
</tbody>
</table>
## Example Monthly Churns

<table>
<thead>
<tr>
<th>Service</th>
<th>Churn Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satellite TV</td>
<td>1.5%</td>
</tr>
<tr>
<td>Cellular</td>
<td>2%</td>
</tr>
<tr>
<td>Web hosting (shared)</td>
<td>2%</td>
</tr>
<tr>
<td>Netflix</td>
<td>4.4%</td>
</tr>
<tr>
<td>Facebook apps</td>
<td>More than 50%?</td>
</tr>
</tbody>
</table>
### Example Freemium Conversion Rates

<table>
<thead>
<tr>
<th>Service</th>
<th>Conversion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>efax</td>
<td>8%</td>
</tr>
<tr>
<td>ning</td>
<td>3%</td>
</tr>
<tr>
<td>dell pre-load AOL</td>
<td>less than 1%</td>
</tr>
</tbody>
</table>
Thank you!

Questions?
Feel free to reach out!

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