

HOW A STARTUP FOUNDER NEGOTIATED AND PURCHASED SNAPPA.COM – WITH CHRIS GIMMER



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DOMAINSHERPA.COM

Michael Cyger: Chris Gimmer founded and grew his startup on a brandable .io domain name. One and a half years later, he bought the .com version of his brandable domain name. I invited him on the show to ask him why.

I have three sponsor messages before we get into today's show.

First, if you're buying or selling a domain name or portfolio and you want an estimate of it's value, Estibot.com is the place to go. Just like you'd visit Zillow.com to get an estimate of a house value, Estibot.com provides key information about the most important statistics so you can make an informed decision based on data.

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Michael: Hey, Sherpa Network. Thank you so much for joining me today. My name is Michael Cyger and I'm the publisher of DomainSherpa.com, the website where you can learn how to become a successful domain name investor or entrepreneur directly from the experts. I listen to a lot of podcasts, usually during my runs. In August, I think it was August 2016 I was listening to a Mixergy podcast, and Andrew Warner mentioned an online tool. It wasn't a paid sponsorship and it wasn't during the show. It was almost like an afterthought, like after the show was over he just mentioned it. I wrote down the domain name, I checked it out later, and it was

Snappa.io, an online tool to create graphics. I didn't think that much about it, but then I watched a video and checked it out, and having spent more than a decade in corporate America, PowerPoint was my go-to graphic design tool to create simple graphics, and I never really figured out how to use Adobe Photoshop even though I pay something like \$25 or \$40 a month to use that. So when I discovered Snappa it bridged the gap between those two software programs and allowed me, someone with absolutely no design experience, to use templates and build beautiful looking graphics in very little time.

Then a few weeks ago I typed Snappa.io into my browser to go create a cover photo for DNAcademy, and it redirected me to Snappa.com. This doesn't go unnoticed by these eyes. It required me to sign in. Then I received a major announcement email from the CEO saying they've purchased Snappa.com. So you know me. I replied to the email right away and asked him if he'd come onto DomainSherpa and share all the details. I'm pleased to welcome to the show Chris Gimmer, co-founder and CEO of Snappa.com, in my opinion the easiest and fastest way to create beautiful looking graphics for social media and websites. Chris, welcome to the show.

Chris: That was a great intro. Thanks.

Michael: My pleasure. So how did Andrew even hear about Snappa? Did you have a relationship with Andrew? Do you know him?

Chris: So the way that happened was I'm actually a huge Mixergy fan myself and I've been listening for a while. So I used to have an automated email when someone would sign up for Snappa just asking them why they signed up. In the early days it was really helpful to hear people say, "I signed up because of this," or, "I was using this and I'm switching to this." So Andrew had signed up to Snappa. I can't remember where he actually heard about it. So he signed up and replied to my welcome email, and I was like, holy crap. I love Andrew, I love Mixergy. So then I replied back to him and said I was a fan and this kind of stuff and I was a Mixergy Premium member and all that. So he's like, "This tool's so great. I'm going to have to mention it somehow in an upcoming episode." Then sure enough a few weeks after that he gave a really

nice mention to it on the podcast, and I was pretty happy about that. But I didn't know that that's how you heard about Snappa. So that's really cool.

Michael: Yeah. And I'm like, this is just so easy. I paid \$120 right off the bat for a year subscription, \$10 a month. In half a year you're going to do everything that Adobe Photoshop does, and I'm not going to need to pay for that anymore. So yeah, it's phenomenal. If you've seen any of the graphics that I've created, the DomainSherpa audience, on DNAcademy, on the special webinars, on the cover photos for DomainSherpa, they're all created with Snappa. So March 17, 2017 you sent an email to all your customers with the subject, "Major announcement plus new cropping feature." I'm laughing because in my follow-up email to you asking if you would come on the show, and once I actually confirmed with you I'm like, "Hey, a cropping feature would be good." So you can see that I didn't even read past the domain name announcement.

Chris: Yeah, clearly you're more interested in the domain name than the new features.

Michael: But I do like that cropping feature. So how much did you pay for Snappa.com, Chris?

Chris: We paid \$40,000 for it.

Michael: \$40,000, and are you willing to share what your MRR, your monthly recurring revenue, is today?

Chris: Yeah, so today we're just over \$26,000 monthly recurring.

Michael: \$26,000 monthly recurring revenue. And you were bootstrapped from the beginning?

Chris: Yeah, we were bootstrapped from the beginning. Still self-funded.

Michael: That's awesome. Love the startup stories like that. How many employees do you have right now?

Chris: Right now there's myself and I have a co-founder, and then we have three full-time employees. We just brought on a marketing guy.

Michael: Awesome. All right, let's roll back the clock and understand how you went from bootstrapped startup to a very successful startup with your MRR, to wanting to upgrade your domain name and what led to that decision. When did you launch Snappa?

Chris: We launched our first beta on July 1, 2015. So basically we wanted to get out some type of working version of the product to get some feedback, making sure we're on the right track. So we iterated a bit off that, we kind of added all the features that were absolutely crucial, and then we officially launched the end of November 2015 with a free and paid plan and started charging for it.

Michael: What was the impetus to build Snappa? I mentioned Adobe Photoshop which does everything Snappa does plus a whole bunch of other stuff. It's like everything and the kitchen sink. Then you've got PowerPoint or Keynote which allow you to quickly throw shapes up on a screen. What was it you were trying to solve?

Chris: So before we started Snappa I was working on another business called Bootstrap Bay, which was a marketplace for web design templates. I was doing a lot of content marketing for that business. That's how we grew it. So every time I needed to create images for the blog and for social media, it was a struggle. I knew the basics of Photoshop, but I was far from being a designer and being good at it.

Michael: Oh, we've got a little bit of a hiccup here.

Chris: So that's kind of when I had this first idea for it. So when I looked to see what was out there, there were basically two types of tools. There were

the Photoshops which had tons of features and had everything but were really slow and difficult to use, and then you had the other side, which they were essentially quote generators where they were super easy to use, but you couldn't really do much with them. So I thought there was an opportunity to build something in the middle that was more geared towards marketers and businesspeople who needed nice-looking graphics, but weren't trying to be graphic designers.

Michael: Yeah, and that's my biggest problem because I go onto social media and I see these beautiful graphics and I would love to present my companies in that light with professional graphics like that, and I can't pick colors that match, I can't do any of that, and that's the beautiful thing about Snappa. You make me look like a pro, pro marketer, because you've got design templates already done, and then I can just scroll through them and say I've got an upcoming webinar, Chris is a good-looking guy, I want to put his picture in there. Let me scroll through the templates that you have that have a picture or an icon of a face or something that I can put your picture on. So it's beautifully created. So that makes sense why you started it. You had the need yourself, you saw other marketers, the whole growth of social media and content marketing as important, but tell me this, what is a Snappa?

Chris: So in terms of the name, that's like saying, "What's a Google?" right? So when we started it, most software products are brandable, it's unique. So we wanted something that was really short, really memorable. Mark actually came up with Snappa, and I thought it was a great name because as a graphic design tool, number one, you kind of snap things to a grid. So it had that kind of snap name to it, and the other thing is our tagline now is, "Create graphics in a snap." So Snappa kind of had that quick and easy connotation to it. So yeah, I don't know how he came up with it, but as soon as he said, Snappa," I was like, "I love the name. I'm down for that."

Michael: So in the six major types of domain names there are, generic, keyword, acronyms, numerics, and alphanumeric, brandables is one of those, and they're made-up types of domain names. You can't find them in the dictionary, but clearly Snappa is pronounceable. It gives the user, you

know, snap, I was thinking that, that I sort of snap it to a grid and line things up. Things need to look symmetrical on a beautiful graphic. Knowing what you know now, would you choose a brandable for your next company or if you were to redo this company again?

Chris: I think if you're building a product brandable is definitely the way to go because word of mouth is a huge channel for us. So a lot of people who sign up for Snappa sign up because they heard of it from a friend. So people are going to remember Snappa a lot more than thebestgraphicaldesigntool.com, right? So yeah, I would definitely go with something brandable.

Michael: What if it was something like Graphics.com? You know, to think about how much a single word .com is, but Graphics.com, OnlineGraphics, Templates.com. One of those. Would you choose a generic keyword that sort of is an umbrella for your brand over a brandable where you create the notion of what it is for your company?

Chris: I think if you're creating a product or software product, I really think brandable is the way to go. Now, if I had a website where I was selling a bunch of things related to graphics, then Graphics.com could definitely be a good solution to that. So for example, our last business was Bootstrap Bay, which was a marketplace for bootstrap templates. We could have easily gone with, well it wasn't available at the time, but something like BootstrapTemplates.com if that's really what's your selling and that domain name really represents what you're doing, then that's great. But I think for a software product, brandable is definitely the way to go.

Michael: Yeah. So you choose Snappa because it gave this idea that you could snap things to a grid and create graphics, something that you could come up with yourself. You choose Snappa.io to launch. In the articles that I'm going to link to below, called "How and why we purchased Snappa.com for \$40,000," which are killing me, Chris, that you published, you actually stated, "We picked an io because they're cool." .io is British Indian Ocean territory. Is it just because a lot of other cool startups were using .io and you were a cool technology startup that you choose .io?

Chris: Yeah, it's two years now. We obviously typed in "Snappa" and saw what was available. Obviously .io was one of them. I can't remember now what other domain names were available, but that was kind of the thing, it's like we're a software startup and it seems that for whatever reason, a lot of the tech startups were going with .io. So at least by going .io versus some other domain, then at least we give off the impression that we are a software product as well, because that just seemed to be the thing. Everyone in .io was a software startup. So that seemed to fit the best, versus something like a .co or .net or something like that.

Michael: Right, totally. So other startups and other high tech companies that were doing a lot of publishing online that would need to know about your tool and use it, the .io fits their familiarity, and then paired with the Snappa brand it made sense because Snappa.com wasn't available.

Chris: Yeah, exactly. I can't remember if .co was available, but for me I was never a fan of .co because it's so similar to .com but it's not, and I think just seeing the .co you're kind of thinking .com whereas .io you can't mess that up. It's very different from the other stuff.

Michael: Yeah. When you launched Snappa in late 2015, new top-level domain names like .tech or .software were just starting to launch. .app is a great one, but I don't think it's out yet. If you were relaunching Snappa today and .com wasn't available and you couldn't afford it, would you consider using one of those top-level domains?

Chris: I think .app is pretty cool. I'd definitely consider that, assuming, in terms of an SEO perspective, I don't know whether Google, I think now they're kind of treating all the TLD's the same anyway, but I think Snappa.app would be cool. I wouldn't want to use something like Snappa.ninja or some of these super weird, wacky ones, but I think Snappa.app would be pretty fitting.

Michael: Why do you say they're super wacky? It would make me remember it, Snappa.ninja

Chris: Yeah, I don't know. I guess. It also depends on the target audience. We have some older, and this is kind of what I talked about in the blog post. Like my mom for example, she still doesn't know what .io is. A lot of people just assume that all web addresses end in .com. So now when you're talking about .ninja or something, that's just so out there. But I'm sure it could work for certain people.

Michael: Totally. The original Whois record for Snappa.io showed BootstrapBay.com as the name server. So that was your previous company prior to first starting Snappa.io. What happened to BootstrapBay, this template for bootstrap themes?

Chris: We actually sold it. I got contacted by someone that I had a bit of an existing relationship with, and they sold their own templates. It's called CreativeTim if you look them up. So he contacted me and I think he can tell that we had been neglecting BootstrapBay for quite a long time, and he said, "Hey, what are you guys doing with BootstrapBay?" I said, "Funny you should mention that," because we had kind of been thinking about trying to sell it and that kind of stuff. So yeah, we worked out a deal and I think it worked well for the both of us, because Snappa was just growing quickly and we just weren't giving BootstrapBay the attention that it needed. So that's what happened with that.

Michael: When you sold BootstrapBay.com, was the monthly recurring revenue of Snappa higher than BootstrapBay at that time?

Chris: Yeah. We sold BootstrapBay, it was recent. We sold it the end of December actually. So yeah, Snappa was quite a bit further ahead than BootstrapBay at that point.

Michael: Great. So you launched in November 2015 with Snappa.io. When did you first consider acquiring the Snappa.com domain name?

Chris: This was September. So this was before we had officially launched, but at this point we're in our beta, we're getting a lot of sign-ups. It was getting some pretty good traction. So we're like, let's just see what it will cost us. We knew at that point that it was probably going to be more than we could afford, but we shot the seller an email and they came back with \$79,000. We're like, all right, that's not a chance. We weren't even making money at this point, and we knew that even negotiating was pointless, because we couldn't even afford \$10,000 at this point. So we left it alone, and then just a couple months ago we had built up some cash in the bank, we were doing well, and I think we were kind of at this point where if we had waited another two, three, or four years, who knows if they would have tried to gouge us. I've been on a few podcast interviews, and it's pretty easy to find out how much money we're making at this point, and I'm sure two or three years from now it will probably be the same thing. So I thought we were still small enough where we can use the excuse that we don't have a ton of money, but we're further along where we actually had some cash where, you know, let's see if we can acquire this now. And obviously the earlier you can get the .com the better. So we wanted to make that transition sooner rather than later.

Michael: Definitely. So you went with the .io because you needed a low cost of entry, you needed to be able to point people to a website to sign up for the beta, to test it out and to give you feedback, but you didn't want to sink a lot of money into Snappa.com if the business didn't work out, right? Like if you just couldn't get people excited about it and you couldn't generate revenue. It didn't make sense to buy an expensive domain name.

Chris: Yeah. When I started I never would have envisioned two years from now we'd be where we're at and we'd have this dilemma of the .com. You know, when you're starting a business, at least for me it was the last thing I was thinking about, the .com domain. So like you said, I think it's way more important to actually build a business first before you worry too much about the .com. Obviously if it's available and if you can get it from day one, that's obviously much preferable, but yeah, I remember when we first started I think our goal was, "Let's just hit \$10,000 MRR. We'll make sure we're self-

sufficient, and we'd be cool with that." Then next thing you know we just kind of were growing way faster than we thought, and then at that point it was like, "Well, let's try to get the .com."

Michael: Yeah, that's awesome. So when you made that initial outreach, how did you find the contact information for the registrant of Snappa.com?

Chris: I just found it through Whois. It wasn't hidden or anything like that.

Michael: I thought it was under privacy, but it wasn't under privacy?

Chris: No, I don't think so.

Michael: Okay, so you just went to Whois, you looked it up, you saw the email address and sent him an email. From your exchange that you shared on your thread, I couldn't tell if it was a broker for the owner or if it was the actual owner negotiating with you.

Chris: Yeah, it was actually an account manager that worked for the seller, essentially. So I was dealing directly with the seller, but it was an account manager, essentially. She was kind of fielding stuff and then taking some of the offers then to be discussed or what have you.

Michael: Yeah, and did you get a feel for who the owner was? Was it like a domain name investor? Was it an entrepreneur, a business owner, or a large company that actually owned the domain name?

Chris: Yeah, I won't go too much into detail, but it was essentially a company who's, we'll call them a naming service that probably has a bunch of domains. I found some other articles about them on the net. So I kind of knew who I was dealing with.

Michael: Okay, so it sounded like a reseller of domain names, somebody that specializes in branding, thought Snappa was a great brand just like you,

purchased it before you launched your company, held it for a couple of years, and then you came along.

Chris: That's it, yeah.

Michael: So they shot back \$79,000, you're like, "Way too much." Did you even respond back or were you like, "I'm so demoralized, I'm not even going to respond back"?

Chris: No, the first time I didn't even respond back, and the thing, too, was that when they replied to the email, for a while it was like talking to a robot. They would reply, it was a canned response, and then they would send this long, huge legal agreement, and obviously buried in there was \$79,000. And it says nonnegotiable and all that. I was like, yeah, there's no point responding, because like I said, at that point I couldn't even afford \$10,000.

Michael: That's weird. So they just shot you back a whole legal agreement as if, I think it's called assumptive close, right? They're just going to assume that if they send you the legal agreement maybe you'll just sign it and buy it for \$79,000.

Chris: Yeah, that's pretty much what it was. It was just a legal agreement, "Sign here and you can have it," kind of thing.

Michael: I interview a lot of founders and investors. I've never heard of anybody doing that before. So did you write from your own email address, your own name? Or did you use an anonymous email address or a friend?

Chris: I wrote through my personal Gmail. In the legal agreement they asked for certain information. So I knew from then that there's no way I could have gotten around these guys with some sort of hidden identity, because at some point I would have had to put in my address and name and this and that. I mean I wouldn't want to fake that with a legal agreement. So yeah, I just did my personal Gmail, so it didn't say "Snappa.io," but it did have my name and I'm sure if they Googled me they probably would have figured it out.

Michael: Sure, \$79,000 is a lot of money for a startup or even a brandable. I think if I asked people in the know who invest in brandables, they'd say, "Wow, \$79,000. That's a big ask for that." Did you consider changing your company name from Snappa to something else that you could more easily buy the .com at that point?

Chris: No, definitely not. I would have much rather just stayed with .io than change the name at that point. Yeah, we'd already kind of started up. Like I said, we really liked the name. So I felt like, worst case scenario, we'll wait until we're generating \$1 million a year, and then we'll buy it for \$79,000 or \$50,000 or whatever it was.

Michael: Yeah, got it. So in the time period between when you made that first contact in September 2015 and when you bought it early 2017, what happened? Did you contact them at all? Or was it just a dropped connection between those two points?

Chris: Yeah, it was a complete dropped connection. I didn't try to contact them at all. Like I said, at that point we were like, all right, this isn't going to happen. Our priority at that time was just building the business. Like I said, we had gotten to a point where we had built up some cashflow in the bank, and what kind of reignited it was I read about Noah's acquisition of Sumo.com for \$1.5 million.

Michael: Noah Kagan.

Chris: Yeah. I was like, holy ----, that's a lot of money. But I listened to his podcast and I kind of agreed with some of the stuff he said about owning the brand, and .com at the end of the day is kind of preferred. So at that point I was like, maybe I'll try to see if we can negotiate again, because at that point I still wasn't going to pay \$79,000, but I thought, you know, maybe we can negotiate and see what happens. So I shot the second email, and that's how the negotiation started.

Michael: But when you shot the second email, they actually came back with a higher number than the original one, right?

Chris: Yeah.

Michael: They came back with like \$84,000 or \$85,000?

Chris: Yeah, it was \$84,500. So the domain name had somehow gone up in value by X percent over a year and a half period.

Michael: So at that point did you reach out to other...You probably have a decent founder network. Did you reach out to other founders or Noah or anybody else, and say, "Does this make sense? Is that too much money for Snappa.com domain name?"

Chris: Yeah. I reached out to a couple people, and kind of what I concluded was that something like this would probably sell for anywhere from like \$15,000 to let's say \$50,000. I heard as well from people that it really depends on the seller. And also timing is a factor too. Some people are fine holding it for as long as they want. Others, if you give them the right offer and the timing is right, then maybe you can get it for \$20,000-30,000, that kind of thing. So that's kind of the ballpark of what I was, I guess, prepared for.

Michael: Yeah, and I would say that's good information that you got. Often times, investors, and I don't know about this investor that you bought from, but other investors will want to liquidate some domain names over time. So if you reached out to them a year and a half ago, it's not unheard of that they would reach back out to you and say, "Hey Chris, I've lowered my asking price to \$40,000 or \$20,000," or whatever the case may be. So making that initial connection to begin with can create opportunities for you as well. So you went back and forth. On that email. He came back with \$84,000. You came back and said, "I can't afford that much." Did you throw out a number back to him on what you could afford?

Chris: Yeah. The first number I threw out was \$10,000, and that's where they came back with \$84,000. So obviously we started very far apart. Then I came back with \$20,000, and they said, "Can't do that," kind of thing. I said, "Well, I'm sorry, but there's no way I'm paying \$84,000. \$20,000 is kind of our offer."

Michael: Yeah, and then you actually put in the text that, I can't remember how you phrased it, you can click the link below, but you're like, "This is our best and final offer." So basically you're walking away if they don't take it.

Chris: Yeah, something like that. So they came back and were like, "All right, the absolute best we can do is \$59,000," and I think with the \$59,000 there was a payment plan as well with that one. So at this point I called Mark, who's my co-founder. We're like, okay, what are we willing to pay here? I mean it's funny, hindsight is 20/20. After that post some people were like, "You could have gone for \$20,000 if you held out long enough," and it's so easy to say that after the fact. The other thing too is that I'm running a business at this point. I don't want my entire day to be spent negotiating a freaking domain name. So we're like, "Okay, what do we feel comfortable paying and what can we afford at this point in time?" So at that point we had said \$40,000 is the most we want to go. Even that is probably maybe perhaps more than we should, but we're comfortable with \$40,000 if we do \$20,000 up front and then the rest with the payment plan. So that's basically what I came back with. I was like, "This is legit the best offer that I can do. I can't go more on this," and they rejected it. So at this point I'm not going to go higher. That's really the best we can do. We're operating okay as is with the .io. It's not going to kill us if we don't get the .com. So I stood firm and I was hoping they would say, "Okay, we'll take the \$40,000," and they said, "Sorry it didn't work out," yadda, yadda. Then a week later they came back with an email and they said, "Congratulations, your \$40,000 offer was accepted at closing."

Michael: Yeah, it was actually strange. It was like, "Congratulations, your \$40,000 offer cleared," like you wired the money and it cleared the bank or something. But maybe it was just a translation issue or something. I don't know.

Chris: I think the meaning was that, like I said, we were dealing with an account manager, and so I think she was kind of fielding the offers and then bringing them to the higher-ups. She was saying at one point, "This offer isn't even good enough to present," or something like that. So I guess once I walked away and she realized \$40,000 really was the highest I was going to go, I guess she took that to the higher-ups and said, "This is the best they're going to offer," and I guess at that point they were like, "All right, let's do it."

Michael: Yeah, so the seller initially suggested a payment plan when he offered a \$59,000 purchase price, and you said, "We can't do \$59,000, but I like the purchase plan." So then you came back and suggested \$40,000 with the purchase plan, and that was what was finally accepted. How much was down payment and how much is paid over time in that, if you don't mind me asking?

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Michael: Yeah, so the seller initially suggested a payment plan when he offered a \$59,000 purchase price, and you said, "We can't do \$59,000, but I

like the purchase plan." So then you came back and suggested \$40,000 with the purchase plan, and that was what was finally accepted. How much was down payment and how much is paid over time in that, if you don't mind me asking?

Chris: Yeah, so \$20,000 was the upfront payment, and that's essentially, like I said, when we threw out the \$20,000 offer, that's kind of where we felt comfortable with...We didn't want to completely drain our cashflow. So \$20,000 is what we felt comfortable with. Then like I said, we upped the offer to \$40,000 with that payment plan. So it's \$20,000 up front and then \$7,000 over the next three years in annual payments.

Michael: \$7,000 per year over three years.

Chris: Yeah.

Michael: Are you making a monthly payment? Or do you typically do a balloon payment every year?

Chris: Yeah, it's a balloon payment every year. So at the end of next year it will be a \$7,000 payment, and then for the next two years.

Michael: Got you, and what happens if you fail to make a payment?

Chris: They'll own our domain name.

Michael: Okay, so they keep all the cash that you paid plus they keep the domain name.

Chris: Exactly.

Michael: So yeah, you don't want to miss those payments.

Chris: No, definitely not. And the payment is, I mean, it's really low. We definitely didn't put ourselves in a situation where there would ever be a chance of that happening.

Michael: Yeah, that makes sense. So if you want to, are you allowed to pay it off early like I can my car or something like that without any penalties? Like if you just had a blockbuster year, could you pay the remaining \$21,000 and be done?

Chris: Yeah, and that's actually the plan of ours. Assuming our growth continues, we probably will end up just paying it off by the end of next year just to be done with it and have full control over it.

Michael: Cool. So once you agreed to the price and the terms, how did you close the deal? Did you use an asset purchase agreement or an escrow service?

Chris: We did an asset purchase agreement. So they updated the Whols and put our information on there, essentially as co-owners. They've switched the DNS over to us, and like I said, at this point I had a lot of background of the seller, so I wasn't too worried. So after that we completed the agreement, had it reviewed by our lawyers, and then sent over the first payment.

Michael: Got it. I know that you mentioned Peter Coppinger from Teamwork.com. I've had him on here in the past, Noah Kagan. Owning the brand has helped their company so much. Have you noticed an uptick in traffic to Snappa now that you own the .com? Or was it the kind of thing where the brandable doesn't get a tremendous increase in traffic?

Chris: After we moved to Snappa.com, the next two weeks there was a huge spike in direct traffic, but it's hard to say how much of that is...Because we actually ended up getting a lot of press over the acquisition. So I think there were just a lot of people going, checking out Snappa.com or what have you. So it's tough to say how much of that was related to just people typing in Snappa.com or the brand being better versus people checking out the site

because there was an article or something like that. Yeah, there definitely was a jump, and even now that the press had kind of died down and things are going back to normal, it seems like at least in terms of direct traffic, it's a bit higher than what it was before.

Michael: Yeah, Noah really rocked that idea of, "I'm going to milk this event for as much benefit as I can," that \$1.5 million purchase that he's making over time. Have you thought about the financial benefit of going public with your article and others writing about it? You got a boost in traffic. Some percentage of that is going to convert into customers. Were you able to quantify at all how much of an increase in revenue you generated by talking about this purchase publicly?

Chris: So initially I had no idea that people cared so much about domain names. It's kind of opened up my eyes, and if I'm being perfectly honest, when you sent me the email saying basically, "Hey, can I interview you?" and there was another blog, at that point my marketing hat was like, "Oh ----, I should probably milk this." We use Ahrefs, which is an SEO software. So I looked at all the people who had linked to Noah's acquisition, because he wrote about it, and then I wrote my own article, I put it on Reddit, and yeah, it got a lot of press.

Michael: That's smart.

Chris: And even Verisign, somehow someone on their team read the case study. I don't know how they found it, or read my blog post. So they're actually doing a case study about us, and I have a guest post going out on there. So yeah, we definitely got quite a bit of press out of it, which is awesome because it's not something that I had expected.

Michael: Yeah, that's awesome, but you haven't quantified financially how much benefit you've gotten, like an estimate? It paid for itself, it was a fraction of it? Is it too hard to measure?

Chris: It's tough to say right now. I mean the first two weeks right after, there was definitely quite a big bump in signups. So I think three months from now it will be a bit easier to say, "Yeah, we totally hit a new plateau." The other problem with us, too, is we have a lot of search traffic through Google, and as soon as you redirect to a different domain, there's a bit of a catchup game that Google plays to index everything. So we've noticed our organic traffic kind of stalled a bit, and now it's just climbing back up every day. And I talked to a lot of people, and they're like, "Yeah, it just takes a couple weeks to really regain." So I think by the next month or two it will be a lot easier to say, "With the .com we can safely assume that it had this kind of impact." But like I said, I was super happy with everything. I definitely think it was the right move and it definitely seems like it had a pretty good impact.

Michael: Yeah, very cool, and if you do find out those numbers and you think, "I would like to share those," I would love to have you back on for a short little video interview. We'll tack it onto the same show page so that people can track that. You know, this is the reason that I started DomainSherpa, is because nobody really understands this opaque world of domain names, where it's sort of like physical real estate property that doesn't have any buildings on it, and nobody really knows the value of domain names, and there are so many different types of domain names. So that's why I started DomainSherpa, to have people like yourself and successful investors figure out, so we can hear directly from people how they figured things out and how they negotiated, and tell their story. Entrepreneurs love to hear how other entrepreneurs got the asset that they've always wanted. So thanks for coming on and sharing that. So what advice do you have for fellow entrepreneurs that are starting up as to the right time to upgrade their two-word .com to a single-word .io or a single-word .io to a single-word .com? What's the advice that you could provide to them?

Chris: I mean, what we did, and I think it worked out well in our case, was you want it...You don't want to stretch yourself thin. If you don't have the money, don't worry about it. Your number one priority is building your business. If you have a ---- business and a great domain, it's not going to work out. So priority one is, you know, build your business and make sure you have the

cashflow, but then once you have the cash I would say from that point on the earlier the better, because obviously switching to the domain, you want to do that as early as possible so you get the residual benefits. And you don't want to end up like the guys at Buffer or Sumo.com paying \$1.5 million once you're really successful. So as early as you can without hurting yourself, I guess would be my advice.

Michael: That makes sense, and if you were starting up a company today and you had this idea for Snappa, but you hadn't built it yet, you talked to a couple friends, they'd be like, "I'll do that, Chris," but you haven't built it and they haven't actually given you their credit card, what would you pay for a brand like Snappa.com? Would you pay \$5,000 for a brandable domain name like that, would you think?

Chris: If I was already successful and I had cash in the bank, probably I would.

Michael: No, no, like if you were just starting out and you had an idea.

Chris: No, definitely not. No. I wouldn't.

Michael: Would you spend \$2,000 on a brandable?

Chris: If I had really validated the idea and I was pretty confident that it was going to work and I had the cash in the bank, then I would consider \$2,000. Yeah.

Michael: So that order of magnitude. Would you try to think of that domain name on your own? Or would you go to a marketplace that specializes in domains like that? Do you even know that marketplaces...I ask because I don't think a lot of entrepreneurs know that marketplaces like that exist.

Chris: Yeah, I started finding a lot of this stuff out after the fact. I can't remember which one I came across, but I came across one and I was like, oh this is interesting. They had all these .com's and I think they were ranging

from a couple hundred dollars to a couple grand or something like that. So I thought that was interesting.

Michael: Yeah, one of them is called BrandBucket.com.

Chris: That was the one, BrandBucket.

Michael: Yeah, there are a few of them out there. BrandBucket is the largest. So they have these premade brands and logos already designed. So that's one of the follow-on tutorials that I'm going to do about Snappa for either DomainSherpa or DNAAcademy, is like I'll show you using my own tool how to create a cool-looking logo for a domain name that you might want to put onto your website, and I'll do it in like under two minutes. And I have no skill at all at designing. But yeah, BrandBucket does that and it's just no negotiation, here's the price, they value them based on the quality of the domain name. So you may not understand the quality, but they do. So resources like that do exist if entrepreneurs are listening to your story and they have an idea for a company and they want to go do searching for it.

Chris: Yeah, well it might save you \$40,000. So it definitely won't hurt to look, that's for sure.

Michael: So if you had to do it over again, would you have handled the negotiations differently, Chris?

Chris: I don't know if I would have handled them differently. I might have talked to maybe just a few more people to really, I guess, get a better value of really how much Snappa.com was worth, because if I knew that you were my customer, I definitely would have sent you an email and been like, "Hey Michael, what do you think this is worth?" But the other thing I think is that, like I said, I'm running a business. So it's like, sure, I maybe could have got it for \$30,000 or \$25,000 or whatever, but over the long run I know I'm going to make that back and then some. So I'd rather put my energy into what I'm good at, which is marketing and running a company, as opposed to fretting over negotiating domain names. So maybe that's horrible advice, but that

was kind of my philosophy. It's like I'd rather just get it done what I think is fair, what we're willing to pay, what makes sense, and then just move on.

Michael: Yeah, my wife always reminds me of the saying, "Would you rather be right or would you rather be effective?" I'm like, I can try to be right all day long about what I think the value is and whatever, but at the end of the day I'm running a business, and the point of the business is to satisfy customers and generate a profit, and if I can be more productive developing business or doing marketing like you were doing or whatever the case, then yeah, \$10,000, if it's not going to cause an extreme condition on the business, then you're going to get that back multi-fold in the future.

Chris: Yeah, and one other thing on that is, let's say that I was like, okay, well \$30,000 is going to be my final offer. Even though I was willing to pay \$40,000, let's say \$30,000. What happens if \$30,000 really is too low for them and they're not going to accept that? If I go back a month from now and say, "Okay, well I'm upping it to \$40,000," now they know I really want this domain, and maybe now they're going to hold tight at \$59,000 when before they would actually take the \$40,000. So it's just so hard to say really what...You know, some domain expert can say, "This is only worth \$30,000," but the seller may really want \$40,000 and won't take anything less than that. So there's only so much that you can, I guess, analyze the situation, and you just do your best.

Michael: Exactly. Awesome, Chris. If you have questions, please post them in the comments below this video on DomainSherpa and I'll ask Chris to come back and answer as many as he can. If you found educational benefit from this show, learned something new, how to negotiate, how to value the domain names, going out and getting feedback from your peer group, please take just a few seconds and post a comment below this video or post a thank-you via Twitter to Chris. Chris Gimmer, thank you for coming on DomainSherpa, sharing your story from bootstrap to selecting the domain to growing your MRR and then going for the killer .com, and thanks for being a DomainSherpa for others.

Chris: Thanks for having me. It was fun.