

From Bankrupt Builder To Owning Every Zip Code – With Jack Ackerman

Watch the full video at:

<http://www.domainsherpa.com/jake-ackerman-zipsmart-interview>

Michael: Hey everyone, my name is Michael Cyger. I'm the publisher of DomainSherpa.com, the Domain Name Authority. We have all been down and out. We have all failed at things we have tried. Sometimes it's our actions other times it is thing completely out of our control. The housing bubble collapse is a good example. In 2006 today's guest found himself picking up the pieces of his life and trying to figure out what to do next. He started amassing a valuable domain name portfolio and it's now going head to head with an online Goliath – Google. And is, interestingly enough relying on Google at the same time to build his business.

Joining me today is Jake Ackerman, founder of ZipSmart, which allows companies to own their zip code online for products and services and in the process generate customer leads. I invited him here to talk about his company, the need for it and how he is growing it. I also want to dig deep into two really important areas of his business that domainers should be interested in.

First I want to hear how he built the technology that runs this company and second I want to hear how Jake set up his sales and business development process because I know that Jake has a sales force and he has sold twenty thousand zip codes. And we are going to talk about what that means. I want to find out how he does it and I want to learn some of his ideas. Of course, I want you to learn his ideas so you can apply them and grow your own domain name business. Then you can come back to DomainSherpa.com and tell your story, give back to the community and help guide others to success.

So, welcome Jake and thanks for doing today's interview.

Jake: Thank you very much, Mike. I appreciate the opportunity to be on with you.

Michael: I met you a couple months ago at DOMAINFest on February 2011 in beautiful Santa Monica, California. The sun was out. It was warm. I was loving it. You were in the PITCHFest Competition that took place at DOMAINFest. I loved your business idea. I want to star – the first question I have is about the company ZipSmart itself. Can you tell me a story about how the typical customer might interact with your business? Help me understand the product that you are selling.

Jake: Perfect. What we do is we take a high value domain asset, let's just say for example like furnacerepair.com. It is a search that thousands of consumers every single month find themselves literally left out in the cold and basically they go to Google and they type in furnace repairs. And we take a site like furnacerepair.com and we go through the gyrations that you have to do to get it ranked on Google from the social media to the blog content and a national database infrastructure and we get it ranked. And then we come to businesses and say "Hey you can be on our directory for free, or if you want to be aggressive and own all the leads we are getting you can buy the zip codes that you want to buy and when you do that you become the only guy that

DomainSherpa.com: The Domain Name Authority

shows up in the market place and you get the opportunity to share whatever your message is with consumers about the repair business that you operate in Dallas or Denver” if that makes sense.

Michael: It does. So I live here in Seattle, Washington. If I own a furnace repair company, I type in furnace repair Seattle. I find furnacerepair.com. It shows me and all my competitors and then I can say I want to be promoted in this directory and for a certain dollar amount I can lock out all of my competition and be the only one listed there?

Jake: That is exactly right. So you can own your zip codes and when you own your zip codes and you become the only company that gets listed in one of our directories.

Michael: So since there are say ten zip codes in the Seattle area I can buy all ten zip codes.

Jake: Exactly. And the funny thing is I talk to a lot of internet business owners and they may say why would you give somebody exclusivity. You need to sell advertising on your page. You need to sell traffic, you need to sell ten other things and we have gone to great lengths to make sure for example we don't have banner ads, click ads and side ads and all kinds of other things on our site. Our sites are pretty straightforward and we really do only sell our traffic to that one person in our area and people are shocked when we tell them that. And people are really shocked and say why would you limit yourself to just being able to doing one person in certain areas. It sounds like a lot of brain damage, but what we find is that when the customers get that relationship and they get all the benefits it creates a stronger relationship for the customer. They get more value and they have a lot less frustration. They are not questioning the quality of our leads and the other thing is they have a far higher closing percentage than they would with leads from some of the other lead aggregators out there. So we have had great feedback from our customers for sure.

Michael: I can see that. I can see why owning a zip code and the only one would be fantastic for a customer. So if I as the user, say my furnace just went dead, I type in furnacerepair.com, or I type in furnace repair Seattle. I find your site. I find A-One furnace repair is buying that sponsored listing at the top or buying the directories sponsorship, what do I as the customer, as a user who needs furnace repair see? Do I click on it and get a form? How does that work?

Jake: That is one of the things that we are most excited about. A lot of our directories will say find a furnace repair professional in one click, or find a plumbing service professional in one click, or whatever. Find a landscaping contractor in one click. And so instead of you as a consumer having to go through the brain damage of okay now they want my name, how many bedrooms my house has, how many square feet, what type of equipment do they have, instead of having to fill out all that information the customers love it and we have a very good click through rate and we sponsor it through the customers because they can simply just go in enter their zip code and bam – they are navigated directly to that customer on that first page without ever having to fill out a complicated form they can get the business owners name, address, phone number, a link to that business owners website. If they want to dig deeper the business owner can put a lot of information in about there company, pictures, photos, BBB, you know those kinds of things right on their “Company View”. And when they do that the business owner tends to get a lot of value. The customer says, “Okay what I'm looking at isn't just a directory with twenty five

DomainSherpa.com: The Domain Name Authority

companies I'm looking at a company here in Seattle (A-One Heating or whatever as the example you gave) and they do exactly what I'm looking for and I can pick up the phone and call or I can fill out what we call a "Quick Form" and have them call me and I don't have to go through the brain damage of being an extracted lead which now I'm going to take ten phone calls over the next few days from different companies because my information got sold all over the Internet." Michael: Exactly. I think consumers are afraid of filling out forms nowadays because companies like Lending Tree will actually take their detailed information and then sell it ten times over. And now you are getting emails from a bunch of people. You don't do that. You either let people look at all the information of a local provider that they can contact themselves or you have a "Quick Form" they say give me a call and the provider calls them directly.

Jake: That is exactly right. And that information is given to that provider and that provider only.

Michael: And do you provide some sort of assurance to the consumer that their information won't be sold, won't be bartered to other companies that is only going to one company?

Jake: That is a great question. We do provide that information. It is in the Terms and Conditions at the website. The Privacy Policy I guess is where that would be found although we may want to do a better job at actually marketing that with the consumer than we are currently doing. So I appreciate you bringing that up.

Michael: I'm glad I could help. Okay, I have got a ton more questions but I want to dig into the details of your business, Jake, because I think it is fantastic. I want to take a step back. I want to talk about how you got to this point. Can you talk us through – first of all tell me what year did you launch ZipSmart.com?

Jake: We launched ZipSmart.com in about February of 2010.

Michael: Okay, February 2010. So walk me through your professional career at a ten thousand foot level. Tell me how you came up with the idea for ZipSmart and what led you to having the skills to do something like this.

Jake: Well, it is a long story but I'll keep it at that ten or even twenty or thirty foot level.

Michael: What is that going on in the background Jake?

Jake: I don't know it is definitely a distraction. Hold on a second.

Michael: So our readers or watchers can actually see this is non-scripted, this is real life happening.

Jake: And gosh darn I apologize.

Michael: No, no worries at all.

DomainSherpa.com: The Domain Name Authority

Michael: So you were about to tell us how you got to the point where you built up the skills and came up with the idea of ZipSmart -- owning your own zip code.

Jake: Right, so professionally I was in a place of just trying to figure out which way was up. I had a real estate business and I've told people on several occasions watching that die was kind of like watching my ego, my credit, my reputation and really my entire life absolutely be turned upside down a little bit at a time and for some people I think (it happened quickly for me) the process of the real estate bubble was I can definitely remember a day when it burst and it was a shock. But it really took two or three years to wind that business down and it just seemed like the bad news just kept coming, one thing after another. I was trying to figure out what to do.

I had been an Internet Entrepreneur before with a previous business called Ascend Web Solutions and I definitely enjoy and I am good at sales so I thought that might be a place to go and was invited by a dear friend to go sell pest control. And if you can believe it I just didn't know what to do and I actually decided I would head to sunny southern California and sell pest control, which I tried. And in the process of doing that I thought, you know here I am literally speaking, Michael I'm knocking on doors, I'm going door to door, knocking on doors and saying, "Hi can I help you with your pest control services?" Which was really a blow from where we had been with the real estate stuff but as I started thinking about things gosh there ought to be a way for me to get the pest control – there ought to be a way for me to get customers faster. There has got to be people looking on Google. So I started investigating how we could generate pest control leads and through that and through just kind of an accident I happened to call a gentleman named Page Howell (who has been a terrific asset and friend to me). Basically I was able to buy a couple of pest control names and from there we started developing leads and building a lead generating model. And over a period of time basically the idea for ZipSmart just sort of came to fruition. It was definitely a painful process but it was a process of sort of reinvention. People talk about reinvention all the time but it definitely wasn't easy but it was one step at a time.

Michael: So you started buying domain names that were related to pest control and then what did you do with these domain names to try and get more leads for your friend's pest control business?

Jake: You know I had a friend who was a web developer and I said, "Hey these are okay names do you think we can get these ranked on Google? Do you think we can build a website?" And the first couple of websites that we built quite literally were just pest control websites. And we put a phone number on there, routed the phone number to my cell phone and we were testing a lot of different things. And then finally, one day, I took a step back and said, "You know I can do this for pest control but why can't I do this for a whole lot of other industries as well? And if we are going to build one site why don't we build a technology that will allow us to just do this better and do it on a mass scale?" So that is kind of how it kicked off.

Michael: Sure, so you saw the idea and you weren't invested into pest control itself you saw that this one idea could be applied to a bunch of other service businesses. As so you started to think how can I come up with a bigger idea to serve more industries?

DomainSherpa.com: The Domain Name Authority

Jake: Yes, absolutely.

Michael: And then that was the inception. That was the idea for ZipSmart? The first idea for ZipSmart?

Jake: Yes at that point we said rather than just trying to get more phone calls in southern California for our pest control business what if we try to generate phone calls in other places besides just southern California. We don't provide pest control services there but there are people all over the place who want those pest control leads and if they can buy their zip code they would be happy. They would be the only one getting those leads. We'd be happy and then from there what other people are interested in getting leads and basically driving it all based upon their zip code.

We knew in the pest control market, as an example, there were other providers out there that sell us leads but every single time they were selling those same leads to ten people and we felt like that is a great thing for them but only one of these ten people is going to really win the business. And so we said there has got to be a better way and the idea behind ZipSmart is that it is a lot smarter to own your zip code than to buy leads that are being sold to five or ten other companies.

Michael: Well, locking out your competition is a great idea. If you go to Domaintools.com for example you can buy access to the service and you can search on who owned the domain previously but what I found interesting on their website was you can actually pay \$10.00 per day to prevent other people from looking at who owned a domain previously. So if you are selling it and you are trying to keep information to yourself for a period of time preventing others, other competitors, from being able to have that information that definitely has business value. I think you are on to something there.

So I read on your website ZipSmart is in forty industries. You are in pest control like we talked about. You are in HVAC, heating ventilation air conditioning. You are in plumbing. You are in electrical. You are in dental, legal, restaurants. Can you give our watchers an example of some of your websites that have been developed out, that are full up and running websites with content?

Jake: Sure. If you were looking in the pest control industry, for example, you could look at the name termiteinspectors.com. That would be an example of the sites that is up and running. And have a national directory of termite inspectors all of whom can purchase exclusivity through our ZipSmart technology. I mentioned furnace repair a few minutes ago. We also have in the plumbing and heating kind of niche we have plumbing.co. We are very excited about the .co stuff as we have plumbing.co and furnacerepair.com, airconditioningservice.com, heating and air conditioning contractors just for a few.

Michael: So you mentioned the pest control business, you started buying domain names, Page Howe started mentoring you, you bought a bunch of domain names that are all service related. Can you tell me how many domain names you currently own and roughly how do they break out by category, by TLD, you know however you classify them?

DomainSherpa.com: The Domain Name Authority

Jake: I think I own right now about 1400 domain names, which is probably too many. I'm going to drop another line for Page just because he has been so great, he mentioned anytime anybody gets a domain and they have to buy a thousand bad names before they can really start buying good ones (and I don't know if that is exactly how he would say the quote) but I've made my share of domain purchasing mistakes. I definitely am more interested in the .coms, .nets and the .orgs. I really do like the .cos. The niches that we tend to have we have probably like a lot of domainers have and that may not make sense to people who aren't more familiar with the domain industry but we have some travel domains that I bought because I thought oh this is great and I don't know what I'm going to do with them. They don't really match with ZipSmart. We've got our share of those names. We have got a lot of service names as you mentioned.

I would say the names that we are most interested in, that I am most interested in buying, either now or in the past are names that require a physical presence. The consumer or the consumer's property needs to be physically present to receive the good or service. Somebody can ship away to buy a laptop from Dell in Houston even if they are in Seattle but if you are going to have your porch light fixed by an electrician you are not going to bring somebody in from out of town. You are going to find somebody right there in Houston. We definitely are looking for product or service oriented domain names that require a physical presence in order for the good or service to be delivered. That is kind of what we try and go after.

Michael: That makes sense. I mentioned in the introduction that you are going up against Google. Google Places is gaining more and more steam. When you do a search for, I don't know about furnace repair but when I do a search for pizza in Seattle and it gives me Google Places it shows up at the top organic search results. It gives me location maybe some pictures, some contact information, and it pulls in some reviews. Since Google didn't buy Groupon they are going to have offers soon. They have got that competitive advantage. What is ZipSmart's competitive advantage to go up against Google Places?

Jake: Well when you think of it, it does feel almost daunting when you consider we are really going to try and take on those guys. And interestingly, as you mentioned too, I heard your intro and as you mentioned we can't get where we need to go without Google but we definitely feel like some of the advantages that we have is number one we have the content ourselves. And Google wants our content. So that is a great advantage that we have. And another huge advantage we have is we have got a terrific sales force with boots on the ground. It is out there directly contacting business owners and helping to solve this problem for business owners. I think in some ways business owners feel like they need help solving the Google problem. And I think Google, I think early on a lot of people said Google was solving all of our problems but for some ways, for some of us, Google just creates more problems. We try to step in and try to be an intermediary for those business owners who want the customers. Google has the customers, the business owners want them and we provide that service. And we are constantly thinking of tools and ways we can add more value to our customers and maybe, like you say, maybe we can take a little bit of marketing away from the guys, the guys with the G word.

Michael: Alright, you just gave me a whole bunch of information. I've got to dig into it. I'm going to come back to your sales force and I'm going to ask you about. I've got some notes here.

DomainSherpa.com: The Domain Name Authority

I want to dig into it to why companies are disenfranchised with Google, but first I want to ask you about the content itself.

You said we have the content. Content is king. Google loves content. They are always going to rank better content about their own results, if they are doing no harm like they say they are. What content do you have that you need that Google doesn't have? Or can't buy from a company from pages like Yellowpages.com, Axiom, infoUSA, a company like that.

Jake: Well, when you talk about what do we have – let me answer that question with a question. What we have is we have a better way to deliver the content to the customer first of all. When you do a search for pizza in Seattle, like you mentioned, or furnace repair in Seattle the customer is really bombarded with a whole bunch of stuff that they may or may not be looking for. And there is going to be customers who aren't looking for what we are providing. I think when the customers see who we are and what we do when they come to our website they are able to tell really quickly whether or not they have found what they are looking for. And we have a good way of delivering that.

And as I mentioned before - speed. Instead of having to fill out complicated forms, we really give the customers a place to come back to. One of the things that we make a big deal about on all of our websites is the fact that customers can leave reviews on our website about the company. And they don't have to go to Yelp, they can come right back to where we are and leave reviews. Of course, Google has a lot of those tools and Google is constantly expanding. We are also constantly developing content. Literally speaking, if a customer wants to fix a furnace themselves we are developing content to help them do that. If a customer wants to find the information about what a termite inspector is going to do when they come out to do a termite inspection on their house we are providing that content as well. We are constantly developing new content. Trying to really deliver to the customer what they think they are going to get when they go to a site like termiteinspectors.com. So that content is definitely important.

The reviews – the ability for the customers to really sound off and have an impact if they don't get taken care of by the provider. I think that gives the customer peace of mind knowing they have got almost some recourse or accountability to make sure that the company they hire eventually will give them the most value. I don't know if that answered everything.

Michael: That does and that actually brings up another idea or question for you: Do you allow your customers, the people who have bought the zip code to put up videos of their own business? You coming out and this is what we are going to look for when we come out to your place and link to a YouTube video or anything like that so people get a feel for the company before they fill out that Quick Contact form or call them?

Jake: We are constantly expanding the offering of what customers can put on our site. We do allow them right now to link to their YouTube channel if they have those videos and those kinds of things. But absolutely, we are actually kind of excited about the opportunity for customers, for our customer – the advertiser, to expand the information that they have on all of our sites. So the answer to that is yes with an * for right now and we are never going to stop. We are going to continue to improve what we offer them.

Michael: And that is the beauty of start ups, right? They are always going to operate faster than a large corporation can. You just have less bureaucracy. You can make decisions faster. Things get implemented much more quickly. So that is definitely a competitive advantage.

So in the pre-interview you mentioned two things to me. People are abandoning the yellow pages and going straight to Internet search. That makes perfect sense. We are all going it. And number two: You said that franchisees, or companies that are providing services, hate Google and Google Places more than yellowpages.com. Why is that?

Jake: I think that if you could have talked to, and I go back to the plumber, if you could have talked to the plumber and let's just say 1999 or 2000 the plumber might have said something like this: I can't stand the yellow pages. They are a joke. They don't even know what they are providing. I can't measure what I'm getting. But what the plumber did know is that 90 plus percentage of the people who if they woke up in the morning and their toilet wouldn't flush and decided to call a plumber, 90 percent of the market would just go out and go to the yellow pages open it up and call a plumber. And in some ways that was a simpler time. They started to get upset because suddenly there were more and more different yellow pages books and they had to, you know how can we not afford to be in the yellow pages. And maybe they felt a little bit more held hostage by having to be in the yellow pages. I think in 2000 they might have said they hated the yellow pages at that time. Certainly they were spending a lot of money and a lot of advertising dollars on yellow pages without a lot of tools to getting a good response.

But if we fast forward to today we've talked to a lot of independent business owners in lots of different industries and now they are being told hey if you want to rank on Google, you even want to show up, and have any visibility whatever you need to operate a blog, you need to be Tweeting things all the time. And if you don't want to do it yourself you need to pay someone to Tweet for you. You need to have a Facebook fan page. You need to have Facebook profiles. You need to go out and have comments, and likes. And dig, Doug, Twitter this and then you have got to have a website but to get your website ranked, these business owners are told, you are going to spend \$1500.00 per month for the next six months to a year and if you ever stop spending it is going to stop working because your competitors are going to keep spending. And it is just really difficult.

And on one level we have all these wonder sophisticated tools and analytics that we can see how many impressions did we get and how many phone calls did we get and all these things. You know the industry has definitely emerged. But on the other level I think the business owners kind of say, "Gosh I'm a dentist. I just want to clean someone's teeth. Do I really have to go through all of these things." And that time ten years ago it was just write a bigger check for a bigger add in the yellow pages. It was easier and that was peace of mind for them. And so they have a lot of frustrations.

Hopefully, ZipSmart is a company that can solve some of those problems for them in that capacity. So that is definitely had a lot of feedback. I wish we could go back to the days of the yellow pages. I never thought I would say that because boy this is really brain damaging. And I hope that makes sense

DomainSherpa.com: The Domain Name Authority

Michael: It does and we can't go back. Things get more and more complicated in some ways and simpler in other ways. I think it's a lot easier for a consumer with a plugged toilet to fire up their phone and get a telephone number and somebody that is a mile down the road because their GPS phone told them exactly which provider is the closest. And they can go to a company like yours and watch a YouTube video and link to their website. It is more complicated for you as a provider of this directory service but it is a lot easier to the consumer.

So let's talk a little bit about your company and the technology. You first bought a bunch of keyword rich domain names like furnacerepair.com and you put content into it. Where did you get your initial content from?

Jake: Well, we bought some to make a long story short. Dunn and Bradstreet has a nice business list of different companies sorted by category and that was kind of a starting place for us. And I can also tell you that there were a lot of nights where myself, my wife, my Dad and a few other people that we know. And we were just all in a room around the kitchen table with our laptops doing this [showing typing with fingers] trying to put content together. And trying to come up with better ways to sort that content and there have been a lot of time that has gone into the technology and a lot of hours that – there has just been a lot of time that has gone into it. Not only on the programming/technology side of it, but there has been a lot of hours just gone into the content side. And trying to figure out how we can organize the content better. One little piece at a time.

Michael: Exactly, it is one step at a time. How do you eat an elephant - one bite at a time? So you started with the D&B list, you added content to it, you purchased just the niche that you are looking for at the D&B, Dunn and Bradstreet listing, you figured out how you can get more content, you added more content to it, you put it in the data base system, and then you built this technology that then organizes all this information by zip code. So people type in the zip code and it shows it up on the website with all this content.

Jake: One of the ideas that is kind of interesting is that not all zip codes are created equal, right? You could have a zip code in Beverly Hills that has a population of 14 thousand people with a median home value of 2 million dollars and you can have a zip code in somewhere in middle America that has a population of 14 thousand people but a median home value of 150 or 200 thousand dollars and the household incomes will be different and the demographics in those zip codes will be different. So our technology not only does it allow us to sell zip codes but allows us to price those zip codes depending on the value of the area or just say hey it's a fixed price per zip code. So definitely have a zip code based technology. And it's always gratifying for me I've got to tell you, Michael that you can catch onto it. When somebody invests about five minutes they can say okay and have you thought of this, yea we are doing that, okay they have thought of the other things. So in that way it is always exciting that somebody can kind of get their mind around the idea and it gives us hope that it is something that is going to continue to catch on.

Michael: Sure, it's a concept that – I may not have fully understood at PITCHfest from a one minute introduction but once you dig in a little bit it makes perfect sense. A lot of times I will actually go to Google Search and I'll furnace repair and my zip code rather than typing in the

DomainSherpa.com: The Domain Name Authority

actual city where I live because it is kind of long. I can type in five digits a lot faster. So let's talk about that. When I go to Google and I type in a search results show up that are search engine optimized that Google's algorithm places at the top. How do you build your web pages to get them to the top of Google or Bing or a multitude of search engines out there?

Jake: Well there is some secret sauce that we that we sort of have some belief about. But I would say, and I get asked that question pretty regularly, and people always say that content is king. And the one thing that I always add to that is you have to be relevant. And so rather than just saying well we have content the thing that we try to always focus on for our sites is we want to be relevant content. And we have to be relevant and so when you say how we are trying to be relevant and not gain the system. We are trying to do those things – create real results in real marketplaces and it is an everyday challenge. One thing we currently find for example is getting ranked for a keyword like termite inspectors is one challenge, but then getting ranked for a keyword like termite inspectors Phoenix or termite inspectors Houston is a whole another challenge all by itself. To just add one little component like termite inspectors, Houston Texas versus termite inspectors in Houston, Texas. I know that may sound like minutia to some people, but I think when you ask specific like how we do it, we need to make sure that other iterations of both of those different search types show up on our page somewhere. Then, you hope for the best. We've read a lot out there, a lot of blogs. We've talked to a lot of people. The one message that I might give to anyone who is trying to build a site, create something that is relevant and do the least amount that you can get away with to start creating revenue and then once you're creating revenue, give value to that customer. Try to reinvest that revenue without taking that revenue to pay your bills. Try to reinvest that revenue to keep going and going and going. If you can do that, you've got a good shot at being able to build something that has viability in the long term.

Michael: I didn't mean to ask how you specifically do search engine optimization. I'll leave that for Danny Sullivan or Matt Cuts over at Google to figure out search engines for dummies, to figure out that you need title tags and H1 tags and images and all that. You optimize your content, you told me for four specific areas: broad match, biggest markets, what were those four areas that you're doing?

Jake: Okay. Perfect. Broad match, by the way, I'm not a 10 year SEO guru. If I get those words wrong, the winds are changing. Broad match for us is something that stands for itself. We try to optimize our site for broad match first. Then, we try to go after the 360 largest metropolitan areas. We try to go after the 50 states. Then, we try to go after smaller keywords. We do try to go after higher search, longer keywords like dad's furnace repair instead of just furnace repair or furnace repair Chicago, IL instead of just furniture repair. Those are the things that we're constantly trying to test and tweak. We are blessed and fortunate to have our advertisers because we feel like they give us such unique content to talk about in Chicago that is really a Chicago based contractor, Chicago based dentist or a Chicago based pest control guy, whatever the case may be. That gives us the ability to stand out a little bit and be unique. When we have those customers especially those customers who are willing to give us 3 to 6 months to really get where we need to go with them, that gives us the leeway then to put a team on it and go make sure that over the next 3 to 6 months we really get that guy some value.

DomainSherpa.com: The Domain Name Authority

Michael: You're optimizing for broad match, the 360 biggest markets, states, and the long tail. Earlier in the interview, you mentioned that you were using social media as well. Can you tell us how you're using social media to help get the word out for these businesses in a particular area?

Jake: Yeah, absolutely. We have a lot of traffic and a lot of visitors coming to our sites and as they come, they have the opportunity to add us on Facebook and Twitter or Linked In and those kind of things. We do develop a following in that way. We also give our advertisers the opportunity to add their Facebook, their Linked In, their YouTube or whatever the case may be to their own company view within our website. So those are two ways for social media to interact with the searcher or the consumer and build a following that way which of course you can use to re-market to, share tweet followers, or get blog followers, and all that kind of things. That's definitely a – we feel like social media – some people say search is dead and social media is what is next. We feel like social media is always going to be an important part of what we do. The nice thing, Michael, this wasn't in our pre-interview or anything, but I really feel like the exciting thing about internet marketing and this entire industry is that it is changing so fast. That can be really overwhelming for people, how am I going to catch up? You asked how we were keeping up with Goliath. The cool thing about it, and I tell this to our reps, as long as we keep showing up, business owners who want to clean teeth or fix pipes or kill bugs are always going to want somebody to solve problems for them. As long as we are committed to adding value and having integrity to really try to provide something valuable to our customers, to get them results, if tomorrow everything changes, we'll still be able to be here – really anybody that adds value can be relevant because people need people. Business owners need people to help them execute. Hopefully, we're helping business owners execute on a mass scale. As long as we're willing to do that and willing to keep up with the times, we're going to be relevant.

Michael: Definitely. You mentioned social media and people saying that search is dead. People are going to social media. Every year at the end of winter, beginning of spring, right about now, we get these really tiny black ants. Some people call them sugar ants. They're not a problem. They're not really destructive. They're just really annoying. I know you've got kids. I've got small kids. Food just goes everywhere. I don't know why these kids can't remember to eat over their plate, but the food crumbs just go everywhere. You can't be on them every single minute of the day with a vacuum cleaner, so these sugar ants show up every single year. They only show up for a few weeks of the year, and then we try to take care of them as best we can. Oh! I just lost your picture. Are you still around?

Jake: Yes! I can see you.

Michael: Oh! There we go. So, anyways this year they lasted a little longer and I just couldn't take it anymore. I went to social media. I went to Facebook. I have a very small Facebook group it's all people that live directly around me and family. I use Facebook just for friends and family, close local friends that my kids get on the bus with, things like that. And I thought perfect example, I get on Facebook and I'll say who can help me get rid of these sugar ants? What pest control can I use? Nobody had any answers for me. Everybody wrote back let me know when you find someone I need someone also. Search is not dead. Social media has not taken it over yet. Even though I am connected with people in my local area that should have information, they

DomainSherpa.com: The Domain Name Authority

don't. I actually had to go to the search engine. I'm surprised I didn't find one of your websites when I typed in pest control and my zip code. Maybe next time.

Jake: Well, we're definitely working to make sure that the next time that happens in your area, we'll be there!

Michael: When Terminix got my phone call, they could actually be buying a sponsored listing in one of your sites. How do they learn about your business? You mentioned that you have a sales force. Is that typically how businesses would learn about listings within ZipSmart's websites?

Jake: We get a tremendous amount of businesses finding our site online and seeing what we do and saying I need to be listed here. Or, if I am listed here, can I be ranked higher? We do generate a lot of leads. We also get contacted by a lot of internet marketing companies, believe it or not, who represent those business owners. If Terminix had a – if your local Terminix company there is working with a search engine optimization company there in Seattle and they happen to find one of our websites, they may contact our website directly and say can we find out more about your service. What can we do to get a link on your website or whatever? That gives us an opportunity on the sales force side to say this is how our product or service works. This can be another terrific source that's not pay per click and it's not pay per leads that are being sold 10 different times. This can be a terrific source and resource to your company. That's probably our most efficient way of getting customers is just being ranked and having them find us. We try to be proactive through networking, people that know people. We use social media the same way that you might. If I have a sales guy in Cincinnati, he may get on his Facebook and say I've got an awesome product or service, does anyone know someone who owns a heat or air conditioner business who wants to do some internet marketing? We just do it in reverse and use the strategy that you just talked about. We use networking, meetings, clubs and those kinds of things. We also get on the phone and call people already listed in our directory. We call and say you're already listed on our directory, but if you'd like to improve the visibility of your company and talk to us about how please let us know. Those are definitely some approaches that we take. I would tell you that while the first 2 maybe are more efficient ways of reaching out and getting in contact with customers. Our most predictable and reliable and consistent way of reaching customers is just giving them a call, letting them know they're listed with us and letting them know that we are a top directory and asking them to take a closer look.

Michael: I can see how that would happen. Most small business owners, local offers of services, don't have time to do all the social media stuff to create their website. They're out there unplugging toilets and getting rid of the ants, like you're saying. To be able to come to them with a service and say for X dollars per month or per year, I can put you at the top. That's very advantageous to them especially when they've been locked out of the Yellow Pages or some other directory because somebody bigger has reserved that spot already.

Jake: Exactly.

Michael: When you're –

Jake: Quick question, is my video feed coming through okay on your end?

Michael: Yes, great.

Jake: Okay. Perfect.

Michael: You have a sales force. Tell me how you build the sales force. How many people is it? How you break it out by region or by industry? How does that work?

Jake: Like anything with a start up it's definitely a work in progress. But I can say we've been fortunate to bring on a couple of real leaders from early on. I've got a terrific national sales manager. I've got a terrific recruiting team. We kind of use the Internet to build our business. We're out there trying to post ads on job boards and let people know that they've got a real opportunity here to make money by helping us grow, answering those leads that we talked about and bringing on more advertisers. We're active on job boards, on Monster, hot Jobs, Career Builder, and also on stuff like craigslist or local classified sites. We try to be active in a lot of different way to go out and let people know that the economy may be rough, but this is a real opportunity. We're constantly hiring sales people. We've hired a lot more sales people than we have active. We're constantly - we have people coming in. As we're growing, we're building a straight commission sales force. They're terrific. We feel - I feel so fortunate that we've found some of the caliber people that we have. We have a terrific sales team. It will vary (I'll be honest Michael) it will vary in how many we have month to month. I think at its peak of active reps that we had participating every single week in our training calls and our calls and making phone calls and sales, we've had as many as 60 or 70 at a time. Depending on the week and sometimes it can be tough, if people are on the fence. This can be a middle of the road. It's high turnover because it's straight commission. It can be tough for these guys to make it work, but we have a few that have made it work and are continuing to make it work. It's exciting to see them grow within our company. I would say we've got 5 to 10 sales people that have been with us now for 6 months which is really gratifying. We have new people coming in all the time. We probably have another half dozen or so that have been with us 3 or 4 months. We never stop hiring. It's a constant process. We're constantly adding to the tools and resources that we provide them. We're constantly adding to the training and tweaking things trying to make it better and help them make more money. We have an entire segment of the business that really doesn't have anything to do with the technology except that we are constantly engineering the process, both the technology process and the process of acquiring new customers through our sales team. Fortunately of me, I can't take a lot of credit for it, but I've had terrific success with some of our leaders early on and they've really grasp the concept helped us grow the team.

Michael: Let me dig into this a little bit. You've got this product that allows you to sell listings to companies - lock out the competition by geographic zip code. Now, you need to sell it.

Jake: That's right.

Michael: So, you write up a job description that says I'm looking for sales people, own your geographic region, sell these websites, sell the sponsored links, you give them a pretty page so they can walk up to business owners and say this is what you will be able to own, this is how I'll get the information from you, this is what will be up. You give them the training to do that. They

DomainSherpa.com: The Domain Name Authority

go out to their own geographic area. I live in Seattle and I'm going to walk around to business to business or look in the phone book or look online and find businesses that I want to target. I get paid only when I sell a directory listing. Is that how it works?

Jake: It is. Let me tell you a funny story. I've got a wonderful guy living in south Florida. When you say that we give them a pretty page, he always tells a story to our new recruits, our new sales team about how when we first started the only site that we had that was even ranking on page one of Google was furnacerepair.com. It just so happens to be July and he was in south Florida. For those who lives in south Florida, there's not a lot of furnaces in south Florida. In July, in south Florida there are not a lot of people looking for furnace repair. Not only that, it wasn't really very pretty. The sites continued to get better looking. I can't even say that we gave them a pretty page. But the way you described it, is the way we hope it works. It's definitely a work in progress and we have definitely benefitted from having some people who can be long term thinkers, and come in and get involved and benefit from the growth even though it is been a work in progress. If you can sell furnacerepair.com in south Florida in the middle of July, you know you're doing something right. We love the fact that our customers really grasp this concept and they get passionate about it.

Michael: So, really what you needed was the directory icecream.com and sell the zip codes for that.

Jake: That would have been easier to sell in July, that's for sure.

Michael: Your sales force, am I correct in assuming they are all 1099 contractors working for you and not employees of the business?

Jake: That is correct.

Michael: You pay them straight commission. Does that mean that they get a certain percentage of what they sell and if it's recurring every month then they get that percentage again?

Jake: That is what it means. It's also a work in progress. We are constantly refining and tweaking. One thing I will also say, and I'll just plug this, it's probably a cliché, the word collaboration or being collaborative. It's been a work in progress because for us it's important that if we see somebody really working full time and knocking out sales, that they make enough money. If somebody is making too much money for not doing any work, we've massaged and tweaked. Hopefully we've massaged and tweaked in response to what the team has asked us to do and in response in doing what is in the best interest for them in the long term and doing what's in the best interest for the company long term. One of my favorite quotes is if it's not win-win – if it's win-lose, is lose-lose, and win-win is the only way to have a win-win. You can't have a win-lose. So for the company, the company has to win short and long term and the rep has to as well. We're constantly tweaking the commission plans just a little bit. What you described is definitely the vision behind what we're doing. If we have recurring revenue, we want our reps to have the opportunity to build a recurring revenue stream or income from our advertisers. One of the important keys that people fail to realize about that is that we have to be able to deliver enough value and massive value to our customers if it's going to be long term recurring income.

DomainSherpa.com: The Domain Name Authority

Our customers are terrific salt of the earth people: business owners, plumbers, pest control guys, dentists, lawyers – maybe not salt of the earth...lawyers. That was a lawyer joke. As long as we add value to our customers, we can work with our reps and build a sustainable recurring income for them. That's exciting. That is something that a lot of our reps have said it's a totally unique and refreshing approach to what we do.

Michael: That's what small business owners and local businesses want. They want somebody that is on their side that's helping them succeed. It's not really a sales rep per se. Yes, their job is to go out and sell and make more money and grow the business, but really they need to continue to service the customers that they have already brought online otherwise if they lose them it costs more to bring on a new customer than it does to keep a current customer happy.

Jake: Absolutely

Michael: I'm sure that any new potential sales rep that is going to find your opportunity, look at your business, they're going to say how much sales commission do I get and how much does a directory listing cost?

Jake: Directory listing, as I alluded to before, is going to cost different amounts of money depending on the value of the domain name. If it's a terrific name, and we're constantly trying to get partnerships with domain name owners who own more valuable domain names - If it was a domain name for, if it was airconditioning.com as a domain name, we would charge more if they wanted to own that zip code exclusively than if they wanted to own centralairconditioning.net or whatever the case may be. It's tough to say exactly. As a general rule, I don't really know if there's a blanket way I can answer the question of how much does it cost? It's going to vary by industry.

Michael: Varies by industry, varies by zip code, varies by competition I'm sure, there is probably other secret sauce factors that you have in there. Can you look at one of your sites... furnace repair. Let's just look at furnace repair and a city in Florida, one of the local areas. What might that cost a business owner to own one zip code, or a range?

Jake: Well, I don't want to get caught in the details, but a site like furnace repair might sell for more in a cold market like Chicago than it would in Florida. If it was a guy let's just say in Denver, Colorado zip code, he could pay as much as \$50 for that zip code. If was somebody in northern Texas, where it doesn't get so cold and depending on the population and the other variables, maybe down to as low as about \$20 a zip code. Those tend to be our one off pricing. And like most businesses if you get into a place where you are buying volume from us, then we start to get aggressive because we want to make sure that you get the return on investment. The more the business owner spends, the more of a discount they can get for one domain name at a time.

Michael: Makes sense. So anywhere from \$20-\$50, maybe even more if you own heating.com up in Alaska.

Jake: Exactly. That's right.

Michael: I get that. And if I'm a sales person working for you, how much would I expect to see of that \$20-\$50 sale per month?

Jake: A salesperson, it depends on the plan they want and I'm not trying to be elusive at all. A salesperson who is really, really aggressive and is really after it can earn up to 20% of that monthly recurring income from the customer. Now for them to get that, they need to be aggressive. They need to be willing to make a little bit less money early on because they're getting it on the back as it goes along. They need to be, like you mentioned, they need to be comfortable and capable of assisting and making sure that their customers continue to receive value. If they're comfortable and capable in assisting and doing that they can earn up to 20% of recurring income. Then, we have reps that step in that are a little bit less aggressive. They can still earn awesome income. They make 5-10% on the residual. Everybody makes a nice spiffs and bonuses. We try to keep it fun and look at awards and contests. We're looking at travel and cruises and company awards and stuff. We're definitely trying to build an organization that is a lot of fun and has a nice team synergy. The other fun thing that I really enjoy is the affinity with the team of just being able to joke around with each other and talk. The other day one of our salespeople, who is a woman, Lisa, she had a scratchy throat and everyone was giving her a hard time about needing to quit smoking. It was just telling her she sounded like Marge Simpson or something like that. We have a fun time and get to know each other well as months go by. It's fun for all of us to work on building our residual income as we grow this business. It's exciting to become part of a company that is growing month after month.

Michael: You mentioned that you haven't been around that long, early 2010. Can you tell me about the growth of the company? What success measures do you have?

Jake: Absolutely. One of my favorite stories is when we first started, I was hell bent on making sure there were no exceptions. We were not going to take a customer's credit card until that customer for sure owned that zip code 100%. It had to be done on autopilot. We actually made our first sale I think in about mid-June 2010. The funny thing about it is that we didn't actually get around to charging that sale until the end of July 2010. The rep who made that sale, as you can imagine was pulling their hair out. They were going crazy. Are you kidding me? It's been a month and a half! We've had their credit card. They want the service, and we still haven't taken their money! And we just said we weren't going to take their money until we know they have those zip codes 100% on autopilot and it's done. We took our first credit card on July 26, 2010. It wasn't hard for us to grow 30% in August. We grew tremendous in August. We grew in September tremendously. I can say that we have been growing on average 30-40% per month, just growing and growing. We've have kept most of our customers. We haven't kept all of our customers. We feel like our service is getting better all the time, so if a customer were ever to see this, you need to come back cause we're so much better today than we were then. I think we were good back then, but we're getting to the point where I think we can start to say we might be bordering on great. We want to be fantastic. We've grown 30%. We've had customers that have been willing to hang in there with us and reps and hopefully we will continue that trend. We're excited because we're still small enough, we feel like, if we turn a couple of corners that are coming up in the next month or two, boy Michael, we are excited for those 100 or 200 or 300% growth months that we see here in the near horizon.

Michael: So, domainers who are watching this have been going through a transition in the industry. Pay for click, from what I hear, is no longer delivering the results that it used to. The domainers don't necessarily want to write content, create mini sites or create large sites. They're trying to figure out how they can monetize the enormous domain name database or maybe it's a really small, really powerful domain name portfolio that they own. You are creating a brand new system. One could argue that you're going to be competing with the parking companies out there. If I own skateboards.com, I can now come to your service, I can work with you, from what I understand you provide a white label service. You will provide every single skateboard manufacturer, skate park, or what have you in the nation or maybe in the world, I don't know. You tell me. Now, I can populate my site with your information, your technology and we can do some sort of revenue share. Is that correct?

Jake: That is definitely the idea behind what we do. When you say will we compete with the parking companies, we really have had enough time that we can define who we are by what we do. We define who we are as a company as much as by what we don't do as by what we do. We've made the decision that we are not going to be taking lists of 2000 names from anybody and putting it on our technology. What we will do is be very selective. And for the right name if it fits our business model and if we think we can have a lot of success going out there and selling it, we are perfect fit for a company especially because not only do they get superior and patent pending technology from ZipSmart. But they get a turnkey sales force that's hungry ready to go out there and make sales. They get a turnkey business operation. They don't even have to set up a merchant account or an LLC for us to start paying them weekly revenue in exchange for how their domain is performing. Will we compete with parking companies? I'll give you an idea. Our goal this year is to do maybe one or two deals a quarter with a large domain owner. If there are some folks out there with a name that doesn't fit our model, but they want to pay us some money to license the name up front, we feel like even in that scenario they would be so much money ahead to try our technology out for size instead of going out and reinventing the wheel. Definitely want you described is what we're looking for, but I don't see us ever competing with the parking companies cause that's just not who we are.

Michael: I'm sorry. I didn't mean competing directly with -- say I own 140 thousand domain names and I'm going to transfer them all to your platform. For the domain names that I haven't developed out that are top tier premium domain names, single word, industry defining, I've got an alternative now. I don't need to develop it out. I don't need to go to a parking company. Now there is another option. I can go to ZipSmart and potentially develop out the site with you.

Jake: Absolutely. One funny thing about that is that people say I can't move that site to ZipSmart because it's already developed. Let's try to find a site that isn't developed. The interesting thing is that most large portfolio domain name owners are more likely to develop their best names first because they're looking for the revenue potential. If I'm choosing from 1000 names and I have got to pick which one of these names am I going to develop first and I develop the best name first. I'm still relying on ad traffic or pay for click traffic and a rev share to monetize that site. Many times they don't want -- they want to put their 3rd or 4th or 10th best name on ZipSmart's platform because those are sites that are not developed. One of the things that I try to encourage domainers to realize is that your best play to still get your most money

DomainSherpa.com: The Domain Name Authority

from your best site. If we can take a site is maybe making – it's a great site and is making you \$1000 or \$2000 a month with just ad traffic, then that's a terrific indicator that we may be able to get you \$10 or \$20 thousand a month with ZipSmart's platform. That's actually a shorter path to more revenue than trying to take your 10th best name that's making you \$20 a month on parked traffic and trying to get that one to pay you \$200 or \$2000 a month.

Michael: I have an even better idea for you, Jake. For those who own a website, an industry defining website who have a site built already like xyz.com, they can use a sub-domain directory, like sub.xyz.com, point that at you and cross pollinate it. They keep their website up and their ad revenue. They have an entirely new website that is still on the same domain and they share some of the wealth - some of the page rank wealth with it. They drive traffic to that directory that is powered by ZipSmart and everybody wins!

Jake: I like it. I think that is a good idea and that's something that we hadn't considered. I will give Michael Cyger the credit for that.

Michael: That's all I ask for is the credit. We're coming up – we just passed the hour point. I appreciate your time. Do you have a couple more minutes to answer a couple final questions?

Jake: Sure

Michael: Everything sounds great. You went through the bubble burst and had to pick up your life but everything seems like it's working out pretty well. There's been some bumps in the road. You had to figure out a lot of things. What's been your biggest challenge to date?

Jake: I don't know if - I really want to just give you the best answer to that question. I would say my two biggest challenges, as brutal and devastating as it was to watch 5 years worth of my life go up in smoke when the real estate thing happened and really watch some of my friends, some of my best friends and family be impacted along with me. Some of them resenting me somewhat for it. Some just feeling frustrated at the situation. Just feeling so out of control. No matter what I do, I go to work every single day and I can't change it. That was the biggest challenging time. It may have been the best teacher that I've ever had as well, that challenge. I think for me personally maybe the biggest challenge that I face is to just stay grounded and remember where I get my strength and to remain grateful. I didn't think was going to say that going into this interview. Honestly, when you asked what is my biggest challenge I'd say to not get ahead of myself. To remember some of the sales reps who have come on with us, some of them aren't even with us and I'm never going to hear from them again, but they laid a foundation for us to be where we are today. That's the biggest challenge, to stay where we need to be as people and to keep our commitment to staying grateful for the blessings that we receive from others and from God really. That for me is probably the biggest challenge. It's a challenge every day as we start to have a little bit of success with ZipSmart. It's exciting. I just don't want to repeat the past. Boy I tell you more than anything else, just don't make me go through what I went through with the real estate with this ZipSmart thing. If I can learn those lessons fast, hopefully we will be able to avoid that.

Michael: I lied. I have one more question before the final question. When I talk to domainers, I try to get an idea of the revenue potential that is in the market. Andrew Allemann was on the other day and talked about how he got his portfolio up to over \$100,000 in profit. You've been very open with us. You told us that you sold 20,000 zip codes over the course of being up and running since February 2010. Most of your customers have stuck with you long term. Some of them have decided to look other places. You talked about your directory costing \$20-50. Are you comfortable saying what your revenue is for your company or maybe your pace for the revenue of the company?

Jake: Our goal is to do \$1 million this year in 2011. We're currently on pace if we don't grow we're currently on pace to do about half of that. We feel like we do have a shot at maybe even smashing that goal, but we would be happy with meeting it.

Michael: At 30-40% growth per month, you're probably looking there. I wish you all the luck in hitting your numbers. So the last question that I have for you. We've got a lot of domainers in the audience, they own a lot of domains, some of them really good, let's give everyone one action step that if they could take at the end of this interview, if they want to use what you've learned, and they want to build a directory of sites for instance but they don't necessarily want to use your technology or your site. What is the one piece of advice that you would give them to get started?

Jake: What's the one piece of advice that I would give them to get started? Let me just see if I understand the question. There is a domainer in the audience with a great name that he wants to develop, he doesn't want to partner with ZipSmart. I'd of course say partner with ZipSmart. But, he doesn't want to partner with ZipSmart. What one piece of advice is it what should he do first?

Michael: He wants to start a directory of his own. Maybe he's got venturecapitalsanfrancisco.com and he wants to develop a directory himself. What is the piece of advice that you would give him or her to get started in the directory business?

Jake: What I would say is do it! I think that when you get the content. Spend the money. Stop buying other names! I think that this the probably the best advice that I could give. I've been in that place where I already have 800 good names, and I'm thinking to myself I just need to get that next one. Or what name is going to drop tomorrow on NameJet? I just keep going back and spending more and more and more money buying names. I might miss out on some really awesome name that could be a difference maker. But what I would say to them is... Stop buying names for 2 or 3 months and take whatever money you were going to spend buying names, sit down with a developer, create a site, get a budget and you'll be amazed if you'll just do that. Spend \$2000 or \$3000 building a site instead of another \$2000 or \$3000 buying more names and you'll be amazed if you'll do that at what you come out with on the other end. That is the advice I would give having been in the domainer seat. I have been glued to my computer for hours at a time searching names, what's dropping, what's out there. Afternet and Sedo just trying to find more good names. If I'm going to do this I have to have more good names. At some point you have to step away from the computer, set up an appointment with a graphic designer and a database programmer and say here's what I want to build. What is it going to take? If you spend your money on that, you'll get some momentum behind you. That's what you've got to do.

DomainSherpa.com: The Domain Name Authority

Michael: Great advice. Again, your company is called Zip Smart and you allow businesses in targeted industries to land at the top of online searches for exclusive customer leads. ZipSmart is located at ZipSmart.com. You can follow ZipSmart on Twitter at ZipSmartCo [corrected]. Any other way that people can contact you if they have questions about Zip Smart or potentially want to white label you for their domains?

Jake: I think our ZipSmart handle is [ZipSmartCo](https://twitter.com/ZipSmartCo) on Twitter.

Michael: We'll make sure that it's linked properly from the interview. Any other way that people can contact you, Jake?

Jake: Absolutely. They can contact me on my cell phone if they want. (801) 674-3081. I love to network, chat, talk to anybody that wants to give me a call. Again, my number is 801-674-3081. Or you can reach us online at ZipSmart.com. You can instant message me at jake.ackerman@ZipSmart.com. You can gmail chat me, Google Talk, I guess is what that is called, anytime you'd like. Or right here on Skype. I'm jakeackerman no spaces or dashes. You can reach me right here.

Michael: Jake, you have been fantastic and tremendously open with the domaining community. Thank you so much for doing this interview!

Jake: I appreciate your time today too, Michael. I look forward to all the good stuff that I get at Domain Sherpa.

Michael: Thank you again. Thank you all for watching. Bye.

Jake: Bye.

Watch the full video at:

<http://www.domainsherpa.com/jake-ackerman-zipsmart-interview>