

How a Premium Domain Name Can Boost an Already Successful Startup - With Jamie Siminoff

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You'll never think of ringing someone's doorbell the same way again after today's interview. I'm joined by Jamie Siminoff, founder and CEO of DoorBot – rebranded in 2014 to Ring with the associated Ring.com domain name. This entrepreneur says revenue grew by multiples after the rebrand, and there were many other benefits. Stay tuned to hear the whole story.

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.

Second, whether you are buying, selling, brokering or financing a domain name you need an escrow company that is properly licensed, bonded, insured and audited. That company is Escrow.com and they have been doing it since 1999. Escrow.com – it's about trust.

Finally, are you tired of being up-sold and cross-sold when you buy or renew a domain? Then try the newest registrar being built from the ground-up with a beautiful interface, competitive pricing and 24/7 support. Uniregistry.com will surprise and delight you. The right domain name can change your life: Uniregistry.com.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name entrepreneur and investor directly from the experts.

The connected home is all the rage nowadays. From your thermostat saving your energy while you are out to outlets that you could control by your smartphone app to alerts that you can receive when your smoke alarm goes off. It is all coming together to keep you more comfortable, save you money, and increase your home security. Today, we are joined by a founder who has launched his company in the connected home space at the point of entry.

I am pleased to welcome Jamie Siminoff, Founder and CEO of Ring, a Wi-Fi enabled video doorbell that allows you to see and speak to visitors from your iPhone, iPad, or Android powered device, combining convenience, monitoring, and security into one device. Jamie, welcome to the show.

Jamie Siminoff: Thanks for having me, Michael.

Michael: Hey, you launched your video doorbell product in 2011 and you have often said that if it were not for your wife, it would not exist today. Why is that?

Jamie: It is true. I was working on a number of different products at the time. I kind of had a little design laboratory, and the reason I actually made this was because I could not hear the doorbell in the garage, where I was working. And when I started to build it for myself, I told my wife I was building this. Basically, she saw what I was tinkering with and she said, "I want it for me because at night, when you are not here, at eight 'o clock and it is dark and someone comes, I do not feel comfortable answering the door."

And that was kind of an 'aha' moment of taking it from being something to tinker with to actually being a real serious product that became now a very large business.

Michael: Yeah. Now, it is a very cool idea. We have got that same problem at home, where we cannot actually hear our doorbell. And I know I could go to Home Depot and figure out a way to somehow get my doorbell to ring in a different room, because it rings in our laundry room, but when a friend of mine, Bill (Unclear 1:56.8), recommended that I contact you and learn about your story and domain name purchase and I learned about the product, I was like man, it looks so simple. I can install it on my front door and you have got

the chime, which I could put in my family room, and we are going to get into all that sort of stuff.

Jamie: That solves the use case of a doorbell. We have transformed the doorbell experience that we have caught over five criminals this week breaking into home, stopping them before they had broken in. So, we actually transformed, with this doorbell, the way you do security around the community, and that actually goes to our mission, which is to reduce crime in communities. So, we have really taken a sort of standard, dumb, old device like a doorbell and transformed it into a completely new experience, and that is the exciting thing.

Michael: It is exciting, and I have gone to your website and looked. You have got a section on your site. I cannot remember where it is. I think it is criminals in action or something like that, where you actually show user submitted videos from their doorbells of thieves that have come to take bikes or scope the house.

Jamie: Oh yeah. We are literally hiring in our kind of social network side of the business, the marketing side, because we are ingesting so much of these customer stories that we cannot turn them around fast enough to show them to people, and it is so good. I mean this week. Five burglars this week so far. It is Friday.

Michael: Yeah.

Jamie: It is crazy.

Michael: So, product companies, physical product companies with a hardware are notoriously hard to build. When you launched, how did you raise the funding for your first generation product?

Jamie: We kind of did and we did not. I mean we pre-sold some, but we did run out of cash four different times in the business before we got to sort of scale, which was kind of crazy. And we were on Shark Tank, and it was not for Shark Tank, it is true. The hardware business just needs so much cash and capital to get it going and the Shark Tank revenue that we got, the revenue

that we got from being on Shark Tank, the credibility awareness and the sales that came from that really drove us to be able to build the next product and sort of level up in terms of company size to where we are today, where we can actually be a sustaining company.

Michael: Yeah. And when you started, was it a crowd funding campaign or did you first go on to Shark Tank?

Jamie: No, we crowd funded the first product. Then went on Shark Tank. Actually, almost a year later we were on Shark Tank from when we launched the crowd funding, and everything spun from there.

Michael: Yeah. And how did it go on Shark Tank? Did you get an investment from one of the sharks?

Jamie: We did not get an investment from them, but it worked out. I mean I left there sort of disappointed because I really hoped to get the cash, but what we did get was over five million dollars of revenue directly correlated to Shark Tank, the appearance, which was over 2.5 million dollars of margin, which we used then to reinvest in the business and take it to the next level, which we needed that money and I do not think investors would have put that money in at that time.

Michael: Yeah. Do you have a favorite story from Shark Tank? Did Kevin O'Leary tell you that you were dead to him or anything?

Jamie: I mean yeah, all the standard stuff. The best thing was they were all talking, going back and forth, and Mark Cuban starts laughing kind of at me and says, "Yeah, like a burglar is going to ring the doorbell." And I just turned him, like actually, Mark, they do, and I gave him all the stats. And just telling sort of Mark Cuban, and I mean it in a nice way, like F you. Here he is kind of laughing at me, this big guy, and I am sort of this nervous guy who is on Shark Tank. To be able to just shut him down, and Mark just looked at me and said, "Okay, yeah, you are right."

And that was just one of those to be able to tell Mark Cuban, like no, actually, here are the stats and have him sort of take the humble pie, that was very, very fun.

Michael: Yeah, that is awesome. So, you have had this meteoric growth and rise since you have launched. According to CrunchBase.com, you have raised 39 million dollars in four rounds of investment. Is that accurate?

Jamie: Yeah.

Michael: Wow, and you have won numerous awards. Every time I go and I search for Ring or DoorBot, your original product, I see design awards. Electronic shows mentioning you. I saw the Ring listed at Time Magazine's top ten products of 2014. That has got to be phenomenal. What was the most exciting part of the journey so far?

Jamie: Catching criminals. That is honestly. Our mission is to reduce crime in communities. That is what it is all about. This week was probably one of my most exciting weeks in the business because every day we got more than one, and so we stopped even more than that, but literally a customer contacted us with a video, saying here is what almost happened at my house and here is how you stopped it. I mean, to us, that is success. I mean we are in nine thousand stores. We are selling very well, but the success really, to me, is can I stop a criminal before they break into your home, and I think we are the first product to ever do that at real scale and I think that is it.

Michael: Yeah. And is that mainly stopping the criminals because they are ringing a doorbell to see if anybody is home before they burglarize it or come back later and somebody's physical voice is replying to them?

Jamie: The interesting thing about a burglar is they are a non-violent criminal looking for a quick crime. They are looking to go and quickly take a laptop and run out. That is what they do. And so, they do go to the front door and check first, and so between our motion detection and the actual doorbell, like ding dong on the doorbell, we are catching all of them on there and the homeowner is able to act as if they are home and talk to them.

Like one guy walked up to one of the houses this week. You kind of see him start to look around, maybe looking for a key, and the motion detection had gone off and our customer said, "What are you doing there," and the guy said, "Oh, sorry. I had no idea. Is this the barbershop," and it is a community. It is like what the hell are you talking about. And the guy says no and the guy leaves. He was probably going to rob that house.

Michael: Yeah.

Jamie: Now, again, we do not know for sure, but there are ones. We have another one. They were in Montana and they were literally trying to go in through the window. They were going to rob the house for sure. And the customer started yelling at them and, again, they think the customer is home. These are non-violent criminals. Thank God they are non-violent criminals, so they are not carrying guns. They are not trying to go into a home regardless, and so they check. And so, yeah, the Ring is really stopping that.

Michael: Yeah.

Jamie: And we are only at the beginning. We have a ten-year vision for the company. We are four and a half years in now, so we have a long way to go to really fully do what we want to do there.

Michael: And how many video doorbells do you have installed or sold to date so far?

Jamie: A lot. So, the one that we do not release anymore is revenue numbers or install numbers, but it is a lot. We are 155 people in the company now. Raised 39 million dollars. We are at nine thousand retail locations in the U.S. We sell globally. 93 countries. We have become a leader in the category. I think we are probably second to Nest in terms of actually selling units. So, we have become a fairly large company.

Michael: Nice. Darn it, so I am not going to get doorbells installed. I am not going to get revenue. Are you profitable?

Jamie: We definitely could be.

Michael: You could be.

Jamie: And again, there is where a hyper fast growth company, I do not think, should be profitable. If you are growing hyper fast and you have good fundamentals at the top. I mean we have good margin on our products that we sell. We have good margin on everything else. So, if we had to, yes, we could let go of a few extra engineers and be profitable today.

Michael: Yeah.

Jamie: However, I think when you are on the fish, if you will, if you are a fisherman. When you are on the fish, you fish, because when you are not on the fish, you do not catch anything anyway. And so, we are on the fish. We are going to put the gas pedal down. We are going to become one of the largest companies in this space, in this sort of home security space, the reducing crime in community space, and we are going to keep the gas pedal down, so we are going to keep going hard.

Michael: Yeah. So, if any of my International readers do not know what the phrase 'on the fish' is like, it means you have found the honey pot. You know where the fish are located and you are just going to fish and pull them all up as quickly as you can.

Jamie: Yeah. And as a fisherman, you are not always on the fish. You can go out there and they are not there, and so whatever you do and throw in the water, it does not work. And when you are on them, you just throw a grenade in the water and let them all float up.

Michael: Yeah. So, it is funny. My friend, Bill, told me about Ring because I do not remember you being on Shark Tank and I love that show, and so I went to Amazon and I checked it out and I read the reviews. Two hundred bucks for the video doorbell unit. Another 30 bucks for the chime. I added it to my cart. I said, "If Jamie responds to me, whether he comes on the show or not, bam, I am buying this thing," so it is on the way right now. I cannot wait to get it and hook it up.

But when you launched your company four and a half years ago, it was not called Ring with Ring.com domain name. What was it called?

Jamie: It was called DoorBot.

Michael: DoorBot. And how did you select that name?

Jamie: Well, if you remember, I started in the garage. It was a techie fix for a nerdy guy who was working in his garage on tech things, so DoorBot was like the perfect name for me. And I love DoorBot. I love the name DoorBot, but when we wanted to lower crime in communities and be the ring of security around your community, the ring of security around your home, the ring of security around your front door, and the ring of the doorbell, we wanted to be a bigger product for bigger market and we needed a bigger name; something that could actually work, like Nest, who is another leader in the home space. A name that when you bring it home, the product, your spouse does not go: "What the hell is that," and so that was what we were going for, and so Ring we felt had that sort of generic, but common, but sort of nice and friendly name.

Michael: Yeah, that makes total sense. So, I just want to focus on the first product, because I think a lot of entrepreneurs are like you in that they come up with a product, a solution. They want to solve it. They come up with DoorBot. It described exactly what it was.

Jamie: Absolutely.

Michael: Like a robot for your front door. It allowed you to remotely see who was at the front door. So, you came up with DoorBot. And did you buy the domain name, DoorBot.com, to go with that?

Jamie: So, it is funny because it is like going from like a beat-up Honda to like a Rolls Royce whatever with a driver. We went from DoorBot, which was GetDoorBot.

Michael: GetDoorBot.

Jamie: We did not even have DoorBot. We had GetDoorBot.com, and we went from that to Ring.com. So, we literally went from probably one of the worst domain names. I think Ring.com could be one of the best domains. I mean it is Ring like rings, like jewelry, and so it is a very high level name in terms of (Unclear 12:16.6).

Michael: Totally. Yeah, and I want to talk about that, but I want to focus on this DoorBot. You had GetDoorBot. I think a lot of entrepreneurs and startups focus on like maybe it is DoorBot.io. Maybe it is GetDoorBot. Maybe it is TryDoorBot. I know Drip, which is a great email drip system, uses GetDrip, just like you used GetDoorBot.com. How important at the beginning of your company was the branding of your product? Was DoorBot good? Was GetDoorBot good enough?

Jamie: In today's market, I do not think the domain is a blocker. So, I think in the beginning, whatever the name is, the domain learning in the business, I do not think it matters. I mean would it have helped if we were Ring.com right off the bat? Sure. It would not have hurt us. That I know.

Michael: Well, it would not hurt you from a branding perspective. It definitely would have hurt you from a financial perspective.

Jamie: Sure, but let's say I just happened to own Ring.com and GetDoorBot. Ring.com would have been better of course, but I think it did not matter what it was called in the beginning because we had to get our feet wet. We had to sort of get the product out there, and I do not think it mattered. Now, going forward with the scale that we are at now, the brand and the domain and all that stuff actually, I think, does now matter. So, it did transfer.

I also did the blog post on Tim Ferris' blog about buying a domain name, which SEO-wise, it is funny. If you search 'buy a domain', it comes up still and it was like five years ago or something, so a lot of people contact me. And I think people get too crazy in the early days about buying a domain. Even Dropbox was GetDropbox.com, which is now a ten-billion-dollar company. They were GetDropbox originally. So, I think go out with a ten-dollar domain when you start. Now, if you can get a good domain for five hundred dollars, do that, but anything more than that, focus on the business.

And then, when you have cash and you have money and you have success, I think doing what we did is smart if your domain and brand is not correct for the business.

Michael: Yeah. So, let's say that an entrepreneur has bought the ten-dollar or five-hundred-dollar domain name, something that is nominal in order to prove their business. At what point did you decide that we have got enough revenue, we have got enough income, and we have got enough money in the bank to invest in better? What is that tipping point from the first-level domain name to where you want to be going forward?

Jamie: So, we did a little bit the opposite, and it is because I am a glutton for punishment. So, we looked at it as we figured out there is a real company and business that we had here, and so we retooled everything. We basically went. Let's call it the off-site meeting, though it was probably in my garage, and said, "What are we going to do to really be a real company now," and that is branding, product, and internal customer service. I mean everything. We basically looked at everything and one of the big things was we need a brand, a name, and a domain that actually fits what we think we can build this company to.

And again, being a glutton for punishment, we came up with this. We kept talking about rings. Rings of security. Ring of thing. Ring around your community. And so, everyone kept saying, "Well, why don't we just do ring," and then finally, one of our investors said it is for sale, Ring.com, and of course I think I can buy anything, so I actually contacted them and struck a deal.

Michael: All right, hold on one second. So, what year was it that you got in your garage with your team and your investors and had this brainstorming session?

Jamie: So, we started the business in early 2011 basically. December 2012, we had put it out for the public. Started shipping December 2013 the DoorBot. So, it probably would have been early 2014 that we sort of did that. So, it was basically right after shipping maybe the first three months of DoorBots and getting the feedback on that and how positive it was from the

impact it was having that we realized okay, we really need to. Let's relook at this, because that was a first version, and let's relook at like what we can actually do here, and so probably like early 2014.

Michael: So, you only shipped the first version of your product in December 2013.

Jamie: December 2013 was the first version shipped, yeah.

Michael: Wow, okay. All right. You are really moving. I thought you launched before that.

Jamie: Well, again, we started in early 2011. I mean it takes a long time to actually get a first product out.

Michael: Yeah.

Jamie: And it was not even the first product when we had already started developing sort of a second product. So, that is the lag in the whole consumer electronics industry. Like Apple is working on the iPhone 8 right now already, and the 7 is probably already done and just going through testing. So, I mean there is a lag that you have to go through.

Michael: So, you were basically working on it for almost three years. You got your first version of the product out to the manufacturing and you were thinking about it, and you were like now that this is coming together, now that we have had the prototypes, now that we have played with it and we can see how this might develop into the future, it is time to pick. We have got this grander vision and it is time to pick a brand for our company that is going to take us to the next version.

Jamie: Correct. And again, when we were picking a brand, we tried to do something where we thought we could get a domain name that was existing, because a lot of stuff that is good is literally just another company. So, it does not matter how much money you have. If you want to be Dropbox, I can tell you, you are not going to be Dropbox. So, just even from a brand side, part of the hard part is just making sure that it is a domain that is literally not used

for an insurance company in Chicago that you have not heard of or something like that. So, we did take domain into consideration with the brand.

Michael: Yeah, and it makes perfect sense to have the ring of security around the front door, around your home, around your community. I get that. It is the double entendre. You have got the ring the doorbell, but then there is also the ring of security, which I love, and it allows you to grow your business beyond just a video doorbell. When you were sitting around the conference table, how many of there were you with investors and staff?

Jamie: At different times, it was probably ten to 15 people, because it was not just one kind of meeting. I mean it was a couple of the team here. Then I would meet with investors. I would talk to people that I trust in the business community, etc.

Michael: Did you ever do a structured brainstorming session, or was it sort of coming out of strategy that you had this idea for ring?

Jamie: I would say kind of rolling, and a lot of the real main strategy came from me and I pushed it down into things, but then I would sort of ask people. What do you think? What am I missing? What am I not doing right? Even the name is actually one of our investors. I kept saying the ring of this and the ring of that. He said, "Just call it Ring." So, I would say I kind of developed the name, but it was really him, this guy named (Unclear 19:01.3) from Upfront Ventures. I will give him the shout-out. I mean he was the guy who said to me, "Just call it Ring," and it was like oh yeah, you are right. That is it.

Michael: So, you said okay, that is it, and then (Unclear 19:12.0) says, "And look, I just typed it into a browser and it takes you to a parking page that says this domain name may be for sale."

Jamie: Yeah.

Michael: And so, what was your next step?

Jamie: So, I had bought a lot of domains before, but at the lower level. I would say anywhere from 50 thousand dollars and below, so decent domains, but not four-letter. I mean I bought Grid.com. That was a higher level one.

Michael: Yeah.

Jamie: And the one thing I have learned on the real high level ones is you have got to tell them who you are. So, I did not go through a broker because I feel like when you are spending north of one hundred thousand, they need to know you are someone real that is going to do this and there is no gaming. You are not going to say my kid at University. There is no gaming. There is a price for that domain. You are going to pay it. And so, I just went out and said listen. Of course I said we are looking at five different domains. Our budget is X, which was in the hundreds, but we ended up paying a lot more, and we would like to talk to it. And we went back and forth for a while on it.

Michael: And I looked at Screenshots.com to see what the archive of the page was before you bought it and it looked like it went to a landing page at Domain Name Sales. Did Domain Name Sales act as the broker for the registrant?

Jamie: Yeah.

Michael: They did. So, you reached out to them. Somebody at Domain Name Sales contacted you and said, "I have spoken to the owner. It is for sale." Who threw out the first price, Jamie? Was it you or was it them?

Jamie: I did throw out the first price and it was a low ball, but a serious low ball.

Michael: So, a serious low ball for a four-letter word like ring is probably like one hundred thousand. Somewhere in there.

Jamie: Probably a little bit more, but yeah.

Michael: Wow. All right, so you threw out a six-figure. That is serious. You already said, "I am a person who is doing this. I have some investment. I am

looking at different names, and here is this offer." How did they respond? Do you remember?

Jamie: They laughed.

Michael: They laughed.

Jamie: And then they said, "Here are the offers we have been getting for the domain. We have gotten these offers at this price," and I believe actually. Again, on the lower domains, I think there is a lot of bullshitting going on.

Michael: Yeah.

Jamie: They are like oh, we are getting all these different offers, but I think in a name like Ring.com, the owner had had it for a very long time. I think he had gotten some serious offers for that domain. I have to just think that there are too many uses for it that is out there, and so we believed them and just had to. We had to structure it to okay, so it became more of like what is the clearing price. I had talked to some other people that had bought some big domains, and the problem is a lot of these domains trade when someone needs money. So, the domainer needs money finally. It is kind of like their bank account and they finally trade it.

So, maybe a four-letter decent domain trades at 75 to 150 thousand. It is not really the clearing price because that is what it cleared for, but they wanted to sell it that day. If you wait, the clearing price is ten to 15 times that sometimes, and so we kind of had to come to what that was and what it was worth to our business. I mean I had to just do the analytics on the other side, which is what is this thing worth to us for five years.

Michael: Yeah. And so, how long did the negotiations take place? Was it a period of a week or a few months?

Jamie: It was over one month.

Michael: Yeah, and did it all happen by email or did you actually get on the phone with anybody?

Jamie: No, I got on the phone.

Michael: You did.

Jamie: Yeah, we were on the phone a lot.

Michael: Got you, and so you would get on the phone with them. What would you say to them to try and negotiate?

Jamie: We would do walkaway pricing. All sorts of stuff. I mean it was a tough negotiation. It got so hard that, in the end, we walked at almost the sale date and the owner ended up reaching out to me directly, who I had not talked to, and we ended up then redoing the deal and closing it.

Michael: Oh, interesting.

Jamie: But it was a hard deal. I mean I would say there were times when I was 99 percent sure we were not going to get it.

Michael: Yeah, because they just were not budging on any pricing.

Jamie: Well, I think it is the reason. Anyone who owns a four-letter domain for as long as this guy did - I think he owned it since 1997 - means that he went through a couple cycles with this, where he saw some real prices. And so, obviously he was waiting for a significant offer and had been sitting on it. He had not taken the first offer. So, that was true. And when they told us that, the facts backed that up. In the .COM boom, someone gave him a good offer. Before 2007, someone gave him a good offer. And in the last few years, someone probably gave him a good offer.

In fact, we believe that someone had put in an offer after we bought it for a lot more money. We had obviously already owned it. We just brushed it off because obviously we cannot re-flip. It is our business. It is not a bank account for me, and so we did not even talk to the person, but it was 3x what we bought it at.

Michael: What you bought it for. Somebody was offering three times.

Jamie: And again, we do not know if it is serious, but yes, because we are not a seller at 50x at this point. I mean we cannot. You have to buy the whole company and then take the domain if that is what you want.

Michael: Right. So, EstiBot.com is an algorithm-pricing tool on the web. Sometimes its valuations are high. Sometimes its valuations are low. I see you smiling. Sometimes its order of magnitude is correct. It estimated Ring.com at 210 thousand.

Jamie: I can say it was definitely a lot higher than that. And again, to be fair, I believe it is probably worth, in the clearance market, anywhere from 100 to 200 thousand.

Michael: Yeah.

Jamie: I think, in the non-clearance, wanting to sell it market right now, probably 175 to 350 thousand. If you are trying to build a company around a brand and it is very specific, it is worth what you are willing to pay and what the seller is willing to sell it at. And again, I think this is where people go wrong on domains. I am not a domainer. I am not an asset manager of a domain. I did not buy it for that. I bought it because I think my sales could go up by X percentage by having a better domain. I know what sales I do. I can multiply that out by five years off the margin and say this is what I can pay. So, it has nothing to do with what the domain is worth. It has to do with what it is going to do for me.

Michael: Right. Did you pay more than one million dollars for the domain name, Ring.com?

Jamie: And so, I cannot say under confidentiality what I paid because we did sign some pretty deep stuff with the owner, but I can say that it was an order of magnitude higher than that estimate. I mean every domainer that I know said that I was an idiot for buying it.

Michael: So, an order of magnitude higher than 210 thousand means that it was more than 2.1 million dollars.

Jamie: Well, maybe not the direct order of magnitude.

Michael: It was a multiple higher. Okay, fair enough. Thank you for sharing that. So, when you are negotiating this deal and you are on the phone with the broker and then finally with the seller, is this the kind of deal where you have to go back to your investors and your board of directors and clear that amount of money with them?

Jamie: So, this is a deal where you have to agree to it and then beg for forgiveness. I can say we paid more for the domain at the time than we had done in sales to date in the company's history.

Michael: Wow.

Jamie: So, no person was going to say we were sane in what we were doing and there was no way I could talk my way into that. And luckily, our investors are great. They, I would say, trusted me, but were certainly concerned with that much money going out at that time for something that was not cored in the business.

Michael: Yeah.

Jamie: I had already jumped off a cliff without a parachute, so for my side, it was like going even a little bit faster towards the ground did not matter to me.

Michael: So, you agreed to it and then you went back to your board and said, "Hey, we are buying this domain name." Did you catch any serious flack?

Jamie: I mean it was let's talk about this, and I just said, "Listen, we are going to build a very large company here or we are going to go out of business." And I need to build it around something big and I cannot wait. The longer we wait to rebrand, the worse it is going to be. We had a new product coming out that was going to be completely revamped, and I said, "Listen, this is the time." We now have the product that is built, exactly what we want. The first

product we definitely did not put all the features in we wanted because we just did not have the money and the research and everything to do it. Now we did, and so this is the time to really come out strong and say here is who we really are.

Now, looking back, it is the best decision we have ever made.

Michael: Yeah. So, at the time, you were nervous, but now, looking back, it was the best decision.

Jamie: Absolutely.

Michael: What makes you feel like it was the best decision? Just a moment ago, you said if it increased our sales by a certain percent, then I could go back to the investors, but of course the investors do not know that at the time. What makes you think that now it was a good investment?

Jamie: And again, you will never know because, again, it is like even stopping a crime. You cannot for sure say one hundred percent the person was going to do a crime on your house if you stop them. Again, when I sat down with the investors, the first thing I said was listen, if we do these kinds of sales over the next five years and it is up by X percentage, which I think a better domain in terms of virality, in terms of people talking to their neighbors about it; telling them oh, where did you get this? Ring.com. Oh, I remember that. The credibility it gave us, a premium feel to the business for retailers and everything us.

Right now, I would say even a one percent increase in sales, if the domain even helped us by one percent, we would be very happy with that number, and I think it is higher than that actually. We are very viral. I think it is because of the product, but it is also because the product is easy to tell someone about, and that is where a domain is so important, is it allows you to really truly have that ability, that type-in traffic, and the credibility. It made us look like we were a billion-dollar company, I think, to a lot of people earlier than we were a success.

Quick break from three sponsors of today's show:

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Finally, Efty helps you manage your domain portfolio, giving you clear insight on its performance while helping to boost leads, sales and revenue. Forget spreadsheets and archived emails — manage your entire investment portfolio in one place with a secure and confidential platform. Become a professional domain name investor with Efty.com.

Michael: Yeah, sort of like Nest. And everybody has heard of Nest. It is a four-letter dictionary word owned by Google, and they are trying to control the whole home, and Ring is now a four-letter dictionary word starting with a doorbell and now you have got you model, your ring of security around the community. So, it does sort of put you on the same level as the multi-billion-dollar behemoth.

Jamie: Yeah, exactly. In a lot of ways, it allowed us to level up higher than we were, let's say, internally from the outside. And so, again, when you go through the investment thesis, that was part of it. I mean yes, we are spending X dollars, which is crazy, but now let's break it down. And when you broke it down, it really was not that much. Take five years. Let's say it is X hundred thousand dollars per year. You are going to do X sales. Could you increase your sales having Ring.com over GetDoorBot by two percent or three percent? I would think so.

Michael: Yeah. And by that point, you had gone on Shark Tank. You were GetDoorBot on Shark Tank, yeah.

Jamie: We were, yeah.

Michael: Okay. I went back in to Domain Tools WhoIS history and it looked like the WhoIS between February 2013 and March 2014 was Domain Capital. Did you finance this domain name by any chance during that time?

Jamie: So, we bought it in 2014.

Michael: You bought it in 2014.

Jamie: Yeah. So, there might have been something else on there. I am not sure.

Michael: Yeah, the owner may have done some financing on it in order to get some cash, but that was not you. You just bought it outright.

Jamie: And we did not have, which maybe would have been good, someone looking at it from that side. We have no idea if there were loans. We had no idea what was around it.

Michael: Yeah. So, what would you recommend to entrepreneurs that are looking at rebranding like this? What do they need to know about trademarks, about liens on domain names, or anything that like that you now know in hindsight?

Jamie: I think just to buy it. If you are buying an average domain, anywhere from, again, ten to 50 thousand dollars, which I would say any pretty good domain name should be in that range. I actually did this Tim Ferris post. If you search 'Tim Ferris Siminoff Domain' on Google, you will pick it up. I mean that, to me, is still a good how-to to buy it. I would not contact them directly. Look at who it is. Look at what their history was. I mean there is all that kind of stuff I think.

When you are buying these really, really premium domains, it probably would have been worth it for us to pick up a broker on our side to represent us because we did not look at enough stuff. In fact, we did not even have the

trademark until after. Now, we looked and did not think anyone was going to have an issue with the trademark, but still. Let's say that was putting the chips on the table. I mean that was a really risky move, and I think, going back, probably having someone with the expertise to really understand it, liens and everything else. I mean we did not know.

We did use Escrow.com, so I think that helps us, but I mean again, I do not know.

Michael: Yeah. I read an interview that you did with James Iles over at NamePros, where I thought you said that your sales grew by a multiple after rebranding. Here, you are saying that even if it was more than one percent or around one percent, it would have made cost-effective sense to you.

Jamie: Yeah, and our sales did grow by multiples, magnitudes, like really grew. I mean big Xs, but you cannot all put that on the domain. We did a new product. I mean we did kind of everything, but it was all part of it. I mean, again, that is the business. I think that is what people misunderstand in business, is that it is not one thing. You could have a bad domain and have a great business. You could have a good domain and have a bad business. There is not one thing that does it. It is all these levers, and we now probably have a thousand levers in the business from our customer service, our distribution to our quality of product to our marketing to our community support to our finance team. It is like everything, and so it all has to come together in order to really be a real company.

Michael: Yeah, but you looked at it from a financial standpoint and you said if we can get pay back on that in five years, it makes sense.

Jamie: That was my thing, yeah. And also, I basically said conservative numbers on sales, which we have now hit the five-year sales already in one year. So, all the aggregate sales of the five years have already hit. If we did a conservative amount, what would be the percentage of sales it would have to go up by in order to pay? And that percentage was so low that, again, that is when everyone got comfortable. Everyone said you are right. How could it not increase it by at least something, and so it is at least going to be close and

what a powerful name. So, you are right. It actually is a good investment to pay for.

Michael: Yeah. Was it difficult to transition your company collateral-wise in the hearts and minds of your customers from DoorBot to Ring? Did it take a few months to change all the business cards and the website and everything, but then people get it? People get that you are going to upgrade your brand.

Jamie: Yeah, it was definitely a lot of work, because you are changing everything. We had kind of just timing-wise with the new product though, which we were lucky. We kind of end-of-life the old product into the launch of the new stuff. So, if we had to keep both, I mean it would have been much more difficult, but it was almost like we just launched a new company, so it was kind of easy in that way and basically closed another one. So, it was a little bit easier I would say at that scale. Today, if we had to change our name, I mean we have inventory in nine thousand retail locations. I mean just swapping that out, if it ten dollars per location to swap it out or 50 dollars, it would be 450 thousand dollars to swap out inventory.

Michael: Yeah.

Jamie: So, now it is a whole other business and that is, again, why I am happy we did it, because it would be crazy to do it right now.

Michael: Yeah, that makes sense. When you received your first round of funding or your second round, why didn't you ever upgrade GetDoorBot.com to DoorBot.com?

Jamie: Because I always said you do not go from terrible shit to better shit. We are not going to go from being like a crappy brand to a less crappy brand. If we are going to change the name, we are going to go from a crappy brand to an insanely good brand, and that is that. It is going to be binary. I am not going to have a slight increase in it.

Michael: Yeah, that makes sense. What percentage of an entrepreneur or startup's funding or what percentage of their cash flow, or do you have any

advice for how an entrepreneur should think about buying that premium domain name as a function of where their business is?

Jamie: Well, I think one thing they should understand is that they are very hard to sell quickly. So, a lot of entrepreneurs say well, we bought Ring.com for X dollars. If we ever had to, we could sell it. Bullshit. And I think you can attest to this. If you need the money, they are not very good assets.

Michael: They are not liquid.

Jamie: They are not very liquid at all. And so, I think that is one of the mistakes that people take, is that they look at it as an asset on their balance sheet and it is really not an asset like that. I mean at a price. Obviously Ring.com, if I told you I would give it to you for 50 grand.

Michael: I will take it today.

Jamie: You will buy it.

Michael: Yeah.

Jamie: But it is a very much reduced price that I paid, so it is not a good asset from a liquidity side. So, I think looking at it like that. Basically look at the money as this is money that you are flushing if you need the money back. And again, I think you have to look at it from the business side. Do not be a domainer if you are buying it for a company?

When you ask your friends who are domainers, they are going to tell you different prices than you are going to see. They are going to say that domain is worth five grand. There are guys who are going to tell you it is 50 grand. You are going to say oh, no, it is worth five. Well, no, it is worth 50 if you need it now and if it is worth it to your business. So, I think that is the biggest mistake, is, in essence, do not talk to the domainers because they are buying and selling at a different rate than we buy at. Look at it from a business side. Do the math like I did. What is the return going to be? And buy it based on that and compare it to where your cash position is and your risk profile.

Michael: Right, but these are all just assumptions, Jamie. You are not able to actually project where you think you are going to be with this brand. It is just a finger up in the air, where you think the winds are going.

Jamie: I mean that is the business we are in. If you are in a tech startup business and you are trying to build a venture-backed return, you are in the finger-in-the-air, looking-for-the-wind business. I mean that is the business we are in.

Michael: Yeah.

Jamie: Of course it is a lot easier if you are a plumbing distributor in the Midwest and you do 80 million per year in sales and five million per year as an EBITDA and you are looking to rebrand. You can much better budget what a rebranding could do for you company because you can have predictable sales for the next five years. And if they go up by two percent, I mean you can do all sorts of stuff.

Michael: Sure.

Jamie: For our business, you are right. I mean our sales could have gone to zero, even tomorrow they could. I mean we do not have long enough, predictable revenue to say anything about our business.

Michael: Right, but if I am running a plumbing company and I have 100 million dollars in sales and let's say I am making a 15 percent margin, so I have got 15 million dollars in profit. I may throw down a million bucks for Plumbing.com if I know I am going to go around the U.S. That makes sense and it justifies it. When you are a startup and let's say you have 100 million dollars in sales, but zero in profit because you are investing back into the company, at what point in revenue do you think you should pull the trigger and buy that great domain name? When you are a ten million or when you are at 50 million?

Jamie: I think it has to do with the entrepreneur and how risk averse or how much risk you enjoy.

Michael: Tolerant, yeah.

Jamie: I mean we should not have bought it. I do not even know if today we should technically buy it from what I would tell someone from an intelligent side, but it was worth it. But it was worth it because it worked out, and that is why I do not like to tell people that as advice, because that is like saying I won ten million in the lottery. You should buy lottery tickets.

Michael: Right.

Jamie: What about all the other people that did not work out. So, I mean believe me. More people have not worked out with my strategy than did. We are kind of lucky, and so, I think that is where it is very hard to give advice on. I think for most people, I would say do not buy a super premium domain name because I doubt it works out as often as it did for us. I think the 20 to 50-thousand-dollar names are probably where you should be at with a startup or even almost any company. I think it is very rare that a domain selling for way over 200 thousand dollars is worth it for a business.

Michael: Right. Yeah, we hear a lot about successful companies on TechCrunch or funded companies, but most businesses fail in the United States when they start up, so it makes sense to start with.

Jamie: I mean just ask you. We bought it in 2014, so what do you think the top ten domains? What was the range of price for those you think?

Michael: Range of price of domains that sold in 2014?

Jamie: Yeah.

Michael: I would have to go to DNJournal.com to see what the top seller of 2014 is. I would probably say somewhere around four or five million was the top public sale. Now, most sales are non-disclosed, like yours.

Jamie: Exactly, yeah.

Michael: And I hear rumors that domains sell for more and large companies when they acquire other companies mainly for certain assets. We do not find out what the true story is.

Jamie: Sure.

Michael: Yeah. I noticed on your website that if I click on your Twitter or your Facebook links and go to your social media websites that you have Twitter.com/Ring and Facebook.com/Ring. It is impossible to register those kinds of handles today.

Jamie: We got lucky on both.

Michael: How did you do it?

Jamie: Actually, on Twitter, it showed up in our box.

Michael: What?

Jamie: So, we had advertised with Twitter. We had asked about it. The handle seemed dead. I do not know what they did. I mean we did not do any trademark on it. It was someone who had it. I think his last name was Ring. And on Facebook, it was kind of similar, and so Facebook, it was kind of being I do not want to say squatted, but someone had multiple Facebook forward slashes that went to the same page, and so I think they had taken some premium ones. So, Facebook was very nice with us, but we did not really go crazy with it because those were less important. I mean it is nice now. We have forward slash Ring basically everything, and that is very powerful. I mean it really is.

Michael: Yeah, your brand is like united. It is not like Ring everywhere, but on Facebook it is Ring_Com or something like that.

Jamie: If you search Ring on Google now, we are the first SEO search for ring. The amount of other jewelry uses for ring. To think that we come up now as the number one search for ring, that is pretty quickly.

Michael: Yeah. So, the connected home is big. You have received funding. A lot of big names have invested in your company. Did you reach out to Twitter and Facebook and say we would like to have this if possible and somehow the stars aligned?

Jamie: That is basically what happened honestly. We did not push anything internal or anything crazy. Obviously they saw that we were a very real company with real investors, but we did not say like listen, we have Richard Branson in the company. Give us this thing or we will go crazy. I do not even know if we had the right to get them. So, I am sure we could have looked into it more. Maybe we would have in the future, but for right now, we just said listen, it would be great if we had it. They do not seem like they are really being used, and kind of put it almost in the general email box, not in a high-level. I did not get to Zucker or anything to get some preferential thing, and it worked and that is great.

Michael: Well, it does help to have Richard Branson as an investor of your company.

Jamie: That is the thing. When people look us up, they realize that we are a legitimate, real business doing something, and so I think that obviously helps when they look at it and say oh, this is a real company that is going to use it. It is not someone just trying to now re-squat it or something.

Michael: Yeah. Looking back, Jamie, is there anything that you would have done differently in the outreach, negotiation, or purchase process of Ring.com?

Jamie: I think I probably would have hired someone on our side to help handle the sale. I do not think we would have ended up with a better price. I really do not. I think that the seller had a price that he wanted and that was it, and I do not think he was clearing it for less than that. I really do not, but I think we would have known a lot more about it and maybe we would have a better, more seamless experience for everyone and probably better for us in terms of we probably took too much risk in the process that now is okay, but at the time we were probably stupid in taking that risk.

Michael: What do you mean? Too much risk in which way?

Jamie: Like if there was a lien on the domain that we did not know about.

Michael: Oh, right.

Jamie: We did not do the proper things that we probably should have at that high of a level with the risk as high as it was. And it worked out for us, but I think probably looking back, yeah. I mean, again, if you are buying a 20-thousand-dollar domain name, in some ways I do not want to say who cares, but you are going to spend 40 thousand in legal fees. It is not worth all the work. Be careful with it, but I think you can kind of get away with it a little bit less.

Michael: Yeah, definitely. I do not know exactly what you paid, but based on your description, it sounds like you paid more than most houses in the United States, and nobody ever goes and buys houses without a buyer's broker and a seller's broker to sort of take away the emotional issues associated with buying and negotiating.

Jamie: Yeah.

Michael: So, it sounds like you would recommend doing the same thing if you had to do it again.

Jamie: Yeah. I mean we definitely paid way more than that, and so yeah, I think it was stupid. Even a few percentage points of the sale, I am sure we could have had someone in who would have been a great person. And so, yeah, I think that was probably, looking back, a stupid thing, but it worked out, so I guess for us it is okay, but yeah, for advice I would never. It was not smart.

Michael: Yeah. So, here is my last question. You have probably heard about all these new domain extensions that are coming out. Google, for instance, just won the rights to .APP top-level domain, which is going to be on people's smartphones. Especially when they are connecting to their home, they might have something .APP. Would you ever consider starting a company on a

.APP domain name, like Doorbell.App or Ring.Webcam or Ring.Home rather than .COM?

Jamie: I am a Rodeo Drive kind of guy. I think .COM will be the only thing that will have value in the end and real .COMs only have value. I actually think the value of a domain has gone down overall because of social networks and because of how we find out information and links. I think the domain itself is less important than it was five or six years ago because you can directly type into the browser and get the search result. And so, I think the way people go to stuff has reduced the actual value overall of domains. It does not mean they are not worth anything.

And so, I think when you have a market like that, you want to be on Rodeo Drive. You do not want to be in Kalamazoo, .Whatever, and I think all those things will be fine if you just need a domain, but I personally would not buying anything other than a .COM.

Michael: Yeah, all right. Good advice. If people want to follow you and stay abreast of what you are working on, announcements that are coming out, and things like that, what is the best way that they can stay in touch with you, Jamie?

Jamie: Facebook.com/Ring is the best way to stay in touch with the business. I am just J@Ring.com. My email address is on every box. You will see it when you get your Ring. My email address is right on the side of the box. J@Ring.com. Very accessible. And so, I do not blog or tweet or anything too much personally.

Michael: All right. You are not on Twitter. Not much. All right.

Jamie: Not personally.

Michael: Well, if people want to check out Ring, go to Ring.com. You can watch the videos. You have got a great promotional video on how it works. I showed it just yesterday. I was telling my wife I am interviewing Jamie tomorrow, check this out, and my eight-year-old son started watching and he was like that is cool.

Jamie: There you go.

Michael: So, I cannot wait to get my Ring in the mail from Amazon. I should probably mention how much they are. I saw it on Amazon for two hundred dollars. Is that pretty much the going rate?

Jamie: Yeah, 199 dollars anywhere you go, whether it is the stores, Walmart, Best Buy, Target, Home Depot, and Lowes. 199 dollar on our site and Amazon. All the same price.

Michael: Yeah, and then I am going to get that 30-dollar chime, which just plugs into an outlet, connects into my Wi-Fi network and then it rings if I am in a part of the house that I cannot hear. What is coming next on Ring, Jamie?

Jamie: Well, we will not tell people what products we are coming out with next, but we are the ring of security around the front door, the ring of security around the home, the ring of security around the community, and that is what we will be building. So, we are not going to come up with lights. We are not going to come with some weird sort of refrigerator or something. We are not in the sort of home Internet space. We are really in the security space, and so we will be following these sort of concentric rings.

Michael: Yeah, very cool. I would love it to unlock my front door. Is that coming?

Jamie: Could be.

Michael: Jamie Siminoff, Founder and CEO of Ring.com. I want to be the first to thank you for coming on the show, helping others understand your path to success so they can blaze their own path, and thanks for being a Domain Sherpa for others.

Jamie: Thank you very much. Thanks, Michael.

Michael: Thank you for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/jamie-siminoff-ring-interview/>