Interview with John Ferber, DomainHoldings.com

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Here's your program.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the publisher of DomainSherpa.com; the web site where you can learn how to become a successful domain name investor directly from experts. The big question for today is, "How do you take an idea, and turn it into a multi-million dollar business? Or, how about hundreds of millions of dollars business?" Joining me to answer this question is John Ferber. John is the Chairman and Co-Founder of Domain Holdings; a technology company that maximizes the value of domain name portfolios by creating development, management, and monetization solutions. John, along with his brother Scott, were the Co-Founders of Advertising.com, which they sold to AOL, then Time Warner, back in 2004. And, John's also a TV star; appearing on ABC's Secret Millionaire show earlier this year. John, welcome to the show.

John Ferber: Thanks Michael. It's great to be here.

Michael: You know John, this is a far cry from the production studio at ABC and the resources that went into producing your Secret Millionaire TV show watched by millions. I appreciate you coming on the show.

John: It's my pleasure. Actually, there was no production studio. It was all on the streets of LA. But it's an honor to be here and thank you very much. I'm honored that you found me worthwhile.

Michael: Well, no, no, no. Thank you for coming. And so, I noticed that, you know, when I was watching the show, you had some tight quarters. You got up every day. You may not have done laundry. You may not have shaved every day. And I notice that today; you didn't shave. Now, I usually don't question the interviewees when they come on the show, but we chatted just before the show and you said that it was for a specific reason.

John: This is true. Actually, I'll give you guys a close-up. You can see how weak my facial hair growth is. The mustache has been growing since right around Thanksgiving. Every January, such as second January, they were doing this. We run a competition called Mr. Manuary. And you can read about it and learn about it at MrManuary.com. The point of Mr. Manuary is to raise money for prostate cancer. And it's modeled after a similar competition called November, which I'm sure more people have heard of because it's been around longer and they've raised tens of millions of dollars for prostate cancer. And it's our own little take on it. And so, it really starts in January, but like I said; basically what I say is, I'm in training. So if I start it in January, my mustache; it would basically be pretty pathetic by the end of the month. So come New Years Day, the beard will be gone; the mustache will stay. And hopefully, since domainfest this year runs at the end of January, maybe we'll stage some sort of public shape off during the conference in Santa Monica.

Michael: That's awesome. We're going to get drunk. You're going to shave off half your beard.

John: Yeah.

Michael: And then just go with the other half for another day.

John: Yeah we did that last year. It was fun. We had a little gathering here, and we all started shaving off different parts. It was good.

Michael: Alright. Excuse me. So, I'm going to warn the audience also, that I'm going to try and mute my mic, but I'm just getting. I've got a one year old that just loves to; doesn't cover up his cough. Loves to cough all over me, so I've got this cough that I've been fighting as well.

I want to start off by saying that today's question, the show, is a little bit different than what I've done in the past. Usually I say something like, "How do you take a single domain and turn it into a million dollar business, or flip it for six figures? Or, how do you buy fourteen thousand domains, and lease them for a million dollars per year?", like the recent Adam Holly interview. Today is different because it's not every day that I get someone on here who has done what you've done John. Your payday arrived back in 2004, when you were at the ripe age of thirty. Can you tell the audience what happened in 2004?

John: Well, the event specifically I think you are referring to was June 24, 2004. And we had signed a definitive agreement to be acquired by AOL/Time Warner back then, now it's just called AOL, for four hundred. Wait, let me see here.

Michael: You actually have the check right there?

John: You know what they say. My parents went away and all I got was a lousy t-shirt. Well, there is the loose site commemorating deal. And so it says four hundred and ninety-seven million.

Michael: Four hundred and ninety-seven million. Is that what it says?

John: It says, four ninety-seven, four eighty-three, three six three. Obviously back in 2004.

Michael: That's awesome. Wow! Four hundred and ninety-seven million bucks. So, you know, it's one thing to throw out this enormous number. And, you know, most people watching this say, 'Wow! John doesn't even have a bank account that has statements big enough to put that many zeros on it', but you know, when you sell a business like this, there are other people that are involved. There's a board. There's probably investors. There was your brother, the co-founder. But I read on MSN Money; because, you know, I don't want to be crass and ask you how much you made exactly John. But if I go out and do my own research, and I come up with a number, I can ask you if it's correct. So, I read on MSN Money that your share of the four hundred and ninety-seven plus million dollars was sixty million dollars. Is that correct?

John: Post taxes. So, it was about seventy and some change.

Michael: Post taxes! That's not even... It's not even before taxes.

John: It was a great day, you know. It was a great reward for the hard work that everybody had done. Absolutely.

Michael: That is phenomenal. So, what was the craziest purchase that you made with that win fall that you had? What's the coolest thing you bought?

John: You know, I think like a lot of people have found themselves in a similar circumstance, it was, you know, the initial shock and, you know, the all. Really, the first thing I bought, and is probably still the coolest to this day, is my home in Florida. Just in terms of, you know, the amount of enjoyment I've gotten out of it. And just, you know, I really love it. So, it's been great for bringing my family together. Just, you know, having, you know, events and parties. And just memories. It's a pretty spectacular space. And every morning I wake up, you know, feeling extremely fortunate and grateful that, you know, I was able to get it.

Michael: Yeah. Fantastic. And so, as I was researching you, I noticed one point. You were pursuing a degree in Psychology. Did you actually get your degree in Psychology?

John: I did. I actually did. You know, back then I was very into computers, but, you know. And I took some computer classes in college, and what I found was that I knew more than my teacher. And every student would beg me to help them with their stuff, and it just got, you know, tiring and frustrating. And, you know, everything I've learned on the computer was actually through self-taught. You know, like many of us. I've never. I took, you know, one or two classes in college, but I was basically. [Can you see me? I coulda swore my video froze?]

Michael: You know, I think you've frozen right now. Let's see if this unfreezes here.

John: I didn't touch anything, so.

Michael: No, I believe you. It actually went in and then it came back out. Now it's sort of TV Viewer. It doesn't look like it's going to unfreeze.

John: Want me to? Let me do this. Let me stop the video, and then restart it.

Michael: Yeah. Let's try that.

John: Okay. There we go!

Michael: It's coming. It's loading. It's loading. So, yes, even.

John: There we go. We're back. Oh, you see me? I see you.

Michael: There we go. Alright.

John: Sorry about that, audience at home.

Michael: We're back. So just goes to show. I'm not sure if I'm going to edit this yet, John. We'll have to see how long that was. But it just goes to show, not everything is perfect.

John: Absolutely. Exactly.

Michael: Okay. So you were saying you were going through getting a Psychology degree, but everybody kept asking you for computer help because you had all the years of experience. You were actually one of the first kids to get a.. Oh, now I forgot the brand.

John: The RF.

Michael: Which one?

John: Yeah. The first computer I ever had was a TRS-80 from Radio Shack.

Michael: The TRS-80. Yeah.

John: But we actually; the family had some before. Like one of my earliest memories, in general, was sitting around the kitchen table with my brothers and my dad soldering together an heath kit computer. It was either the late seventies or the early eighties. And I remember, at the time, thinking, you know, how is anybody going to? It came in two thousand pieces.

Michael: I know. Exactly. I can't believe anybody had actually put that together with it's like five kilobytes of RAM.

John: My brother was the type of person who. I think at the time he said it was a hundred bucks to come in two thousand pieces, or it was a hundred and twenty fully assembled. And my brother's an Engineer. He's actually a surgeon now. And, you know, in retrospect it was so obvious to me, but they ordered the hundred dollar one and they spent like a month putting this thing together. But that was it for me. I was pretty much hooked from that point on.

Michael: Yeah. And so, I'm always fascinated by people that study Psychology. Because I really wish I understood people more. I think it would help my poker game and reading tells. And, just a host of things.

John: Exactly. I know.

Michael: How do you think Psychology has helped you in business? Or, how have you applied what you learned about Psychology to business?

John: Yeah. That's a great question. And, you know, at the time I was getting my degree. To be honest with you, the reason why I picked that course was - it's actually funny - I was basically, you know, undeclared up until eighty or ninety credits in college. [Oh, I see my video lost again. I'll talk and.]

Michael: I know. You keep going. Yeah. Keep going while we're.

John: Okay. There we go.

Michael: Fantastic.

John: And I basically, you know, I was like wait a minute. I had basically took so many credits and I realized that, you know. And then I basically, you know, got struck. I used to always say I kinda got struck by lightening one day and realized no longer did I want to coast through life, and that I was actually anxious and eager to go out and do something. And long story short was, I was just looking through. I had taken some Psychology classes and I enjoyed it, but the key thing for me was that it was the easiest major to finish off based on all my historical credits that I had taken. And after I graduated, you know, it's when I really realized how important that specific degree was. Because as you had said, Psychology, you know, the actually art of Psychology is the science of understanding people. And, you know, a lot of us think that has to do especially with our private lives and our private emotions, and you know, the private persona, but the reality of the matter is is that business is conducted by people. And therefore, understanding how people; how people behave, why they behave the way that they do obviously translates into business. And I've always felt throughout my business career, I was very appreciative of the fact that I did take that degree because, you know, again, everything that you do is all about your relationship with others and how you manage that. And so I was very grateful for it, and it was intuitive to me. And I remember my mom, you know, was concerned about me taking the Psychology degree because, you know, Psychologists, you know, for the most part don't necessarily have the same; don't have tremendous earning power. She wasn't sure where I was going to go with it. And ended up being, I thought again, it was a great major for me. I use it every single day of my life, which I'm not sure everybody else does who went to college.

Michael: Yeah.

John: You know, maybe they majored in Latin and, you know, they're not using it everyday. But I, you know, I use Psychology every single day. And we all do. That's what's so great about it.

Michael: Yeah. No. It's always funny whenever people say to me, 'It's not personal. It's just business'. And I say that is the biggest load of crap, because everything in business is personal. If I'm going to screw you something, some deal that we're doing, some deal we're negotiating, whatever. Like that's personal, you know. And I take it personally. I don't know about anybody. Maybe there's some people out there that don't take it personally, but everything in business is personal. And I've have to work with somebody that

I enjoy working with; that I respect. And, you know. So, I think your words are right on the money there.

John: Well, thanks.

Michael: Alright. I said my plan for this interview is to talk about building a million dollar business. And I want to learn how you launched and built Advertising.com. When you first started it was back in 1998. The company was named Techno Surf Technologies. You later named it Advertising.com. You know, I'm always interested when people startup companies and they grow them into these massive behemoths. Tell me this before we get into it, John. Did you have a work life balance when you ran Techno Surf?

John: Absolutely not. Not at all. In fact, I was burned. I was at the moment I woke up. I lived in a college housing complex basically, and it was probably the unhealthiest I was in my entire life. And you know, what I mean by that, I was just working non-stop from the moment I woke up till two or three in the morning. And then, you know, I was just physically exhausted. You know, at the time, I was in my early twenties. A lot of my friends were out there having the time of their life. You know, go out to bars, or you know, go on traveling, going to concerts. And I did. Believe me I'm no altar boy, but you know, I really worked. I mean all the way from the moment that, you know, this lightening bolt struck me when I was like twenty-one or twenty-two, I mean I did not really, you know, take a pause honestly until 2006, when I left Advertising.com. I mean, it was a nonstop sprint. And, you know, I mean, look. I'm not regretful, but there was a lot of things I wanted to do in my twenties with my friends and stuff. You know, backpack through Europe, etcetera, etcetera, and the problem was is that, you know, we were right in the thick of things basically right after I graduated college. And there was just no luxury for me to ever take a two, or even, you know. I barely could take one, and there was no such things a two or three week vacation to go and do these types of things. And you know, now, seven years after we sold the company it's, you know, one of these days hopefully. Hopefully the rest of my hair doesn't turn gray.

Michael: Yeah. Excuse me. That sounds like a plan. Alright. So let's go back to the start of the company. I read in DN Journal that you and your brother

Scott were co-founders of Tekno Surf Technologies. People are going to go do a Google for it. Excuse me. It is not Techno, like most people would think. It was actually spelled Tekno Surf Technologies. Is that correct John?

John: This is correct.

Michael: Alright.

John: One of our first employees was the first person to be astute enough to realize that the actual correct spelling wasn't owned, and he went and bought it, and then signed up as an affiliate of our company, and then collected affiliate commission.

Michael: That's awesome!

John: Yeah. Smart guy. John Demire, there's my shout-out to you.

Michael: Alright. So what was the principle product that you offered at Tekno Surf?

John: I mean, the basic product. I mean it was. We were one of the very first advertisement fields and ad networks. So, you know, back then the industry was very different than it is today obviously. But the basic premise was, you have, you know, web sites or publishers on one side, and you have advertisers on the other side of your business. And, you know, our principle rule on function was aggregating the supply to bring it to advertisers in a more efficient manner. And then secondarily, to apply, you know. It was basically yield manage or optimization algorithms to be able to take advantage of what we considered as close loot marketing system called the Internet, which we all know now. But, you know, the beauty of the Internet is that you have so much more ability to track all the elements around. You know. And marketing events. And then be able to model against it. And it was really my brother who. We used to joke around and say, I was all about tonnage, or volume. And my thoughts were always about how do we get more volume, and you know, more ad units, and new products, and so forth and so on. He graduated from Stanford, and the University of Virginia with a degree in masters and bachelors in Systems Engineering. So his whole background was about optimal business processes and solutions. So, it was really a marriage of our two, you know. I basically had the development skills. I had network technology and so forth and so on. But the notion of optimization and yield management he brought to the table. And it was that one two punch that really created the, you know, the USP; the unique fraction that we created for the company. And we were early. Nobody else. Everybody else was all about tonnage at the time. And nobody thought anything about optimization. And, you know, not to jump around or skip ahead of the story, but it was interesting. It didn't really matter about our optimization until the dot com crash. And then everybody's business started to evaporate. And it all about who could walk the walk, not just talk the talk.

Michael: Right.

John; And everybody was talking the talk, but we were the only ones who could walk the walk.

Michael: So I never heard of. I have never heard of Tekno Surf. Of course I've heard of Advertising.com; the sale. But, you know. I did hear about Go2.com, whose founder Bill Gross at the time, you know, started it up at Idea Lab as one of the, you know, dot com booms before everything went bust. And you actually started up Tekno Surf right around the same time. Is that correct?

John: Yeah. In fact, the might have been about a year earlier, but I do explicitly remember myself going onto Go2 and buying the keyword advertising for our company, and it was like ten cents, you know. Now, I remember doing it again years later to add dot com, and it was like ten dollars. So it was we early in there, and we were a partner of theirs, and we did a lot of experimentation with our own search box and we tried to, you know, work with them. And we've worked with Overture. And long standing relationship with both, you know, Google, and Yahoo, and Overture.

Michael: So explain to me. Because I'm, you know, I'm sort of a lain-man to the advertising space. So I understand Go2 because they're taking all these advertisers who want to reach end users. And then they produce their own search engine where you could, you know, show your own advertising there.

But then they found a whole bunch of publishers that would take their search listings and put them on their sites. So basically they've married publishers with advertisers. You just said you did the same thing. How was your business different at the beginning than when Go2, which later became Overture, was doing?

John: Sure. So, I mean, one is they're very distinct in different businesses. Their display advertising is just very different than search advertising or contextual, especially back then. I mean, back then, their ad unit that they were putting on publishers, if I recall, was just basically a search box. And, you know, you would search in there, and you knew something. And, you know, obviously Bill Gross recognized it back then. And I'm sure Yahoo, and obviously Larry and Sergey from Google. But, you know, the common person, back then, I don't think recognized how strong the power was of search based marketing, right? And you know, now it's like, you know, it's almost like, you know, it's ubiquitous and, you know, common sense. You know, Yes! Searches are powerful. Display is still a bigger scaling medium. So the challenge was, search typically is that, you know, it's hard to manufacture more people who are searching for your product or service. And display is a little bit, you know. I sometimes likened it to the impulse buying of a supermarket checkout isle. Or, you know, obviously it represents more like magazine advertising, or outdoor advertising, where it's just about really, you know, mass, and scale, and being able to reach, you know, twenty-five million Americans in a given day with a specific message. You know. Search doesn't necessarily provide that. If I'm Burger King, you know, most people aren't really searching for, you know, Burger King online. Unless they're looking to go to one, etcetera, etcetera. Yet they still want to market to me. So if I'm only able to market via search and I might only reach, maybe even a million people a day, but via display advertising, you know, advertising.com, and you know, I could be wrong, but the last I checked they're still the world's largest reach vehicle. And what I mean by that is that there is no other one company in the world that with one company reaches more people in the entire world than Advertising.com did. And, you know, when I was there it was just several. It was about two hundred million people worldwide, and every month.

Michael: Wow.

John: And not only did we see those people every month, we saw the average person fifty or a hundred times a month, or several times a day. And the numbers are actually astronomical now. I don't remember what they were.

Michael: Yeah. I think at one point you said twenty times per day you had touch every single one of those people, or something.

John: Yeah.

Michael: It's amazing!

John: For those frequencies. I was giving you some global numbers. But yeah, absolutely. You know, in the US, you know, I mean as an example, we were the biggest buyers on Myspace for several years. This is, you know again, dating myself because I haven't been at the company for five years. But, you know, the typical person would go to Myspace and consume a hundred pages and there would be three ad units on there. So thats three hundred ad exposures they would have. And you know, we're the biggest buyers on there. So, you know, we were reaching tremendous frequency, and tremendous reach. And if you're a big brand advertiser, you need that. You need reach and frequency. And we were the outlet for them to have it. So, you know, the surf business is great. Look.

Michael: So that's what Tekno Surf would do. You would go buy a ton of space; display space. You would find the advertisers who want to buy tons of impressions; the, you know, impulse buy sort of ideas, or products or services. And then you would pair them together.

John: Yeah. Just, I mean, not to go too much deeper into it. It's actually a bit more complex. Because what happened was, is that publishers wanted to get paid under a CPM basis, right? They wanted to get paid every single time their ad was shown. Now, advertisers are the exact inverse. They only want to pay when a sale gets generated, or a lead form is generated, or something post impression. And ideally for them, post click, right? You know, the click was an intermediator I think that got invented, you know. But, and popularized. But interesting, there wasn't even a strong correlation between click through rate and the value of a click that was derived. So it was, you know. Obviously Google and Adsense is a per click model, but in display advertising it wasn't as linear and it wasn't as easy to kind of extrapolate.

Michael: Right.

John: So what we did. Like you mentioned, if you recall earlier when I was explaining the company, it was also about the yield management, or the optimization. And what we were actually able to do was go to eighty-five percent of our advertisers and say, 'You just paid us for the lead or the sale that we just transact'. And then we would go to eighty-five percent of our publishers and we say, 'Guess what? We're willing to pay you, you know, every single time your ad is shown'. And what we were doing in essence is arbitraging. We were bearing the risk in this marketing equation. And, you know, it was a form of arbitrage. We basically were a market maker because we had the biggest online ad marketplace for display advertising, so, more like a stock market. And not only were we a marker maker, we were the best market participants. So we were like (Unclear 22:48-23:00).

Michael: Hey, John. John, can I hold you for one second.

John: All day long, you know, and for hundreds of thousands numbers a day. Or I should say, you know, (Unclear 23:10). You still there?

Michael: I am. We had a delay on video, which might have been on my side or on your side.

John: Yeah. I see you going all around. Your head's moving real slow.

Michael: Alright. My camera's resetting here. Alright. I'm sorry. We're back. I see you now. I'm moving now. Alright. So I understand you were arbitraging. You were buying low. You were selling at higher. But you were taking the risk, and you could've been held holding the bag at one point. You could've been. You could've held a lot more outstanding money that you needed to pay up to publishers than you were getting in from advertisers. Did you ever get stuck holding the bag? Did you ever have to pay out a lot more than you had in the back at any given point in time?

John: Well, you know, to the point of in the back, you know, meaning like did we go bankrupt, or nothing. No. But we lost. I mean like any company, you have a trial and error. And you learn. And gosh. There was many, many mistakes that we had made just like any company did. And I don't remember the principle on entities in there, but you know, it was actually in retrospect it was great. At the time it was obviously very stressful, but you know, fool me once, shame on you. Fool me twice, shame on me. And you know, a lot of people just, you know, it was the free willing days of the Internet in the Wild Wild West. And you know, you start to learn and you contract smarter.

Michael: Yeah.

John: You know, over time. So, you know, in the last four or five years I can tell you almost, we never lost any money, ever.

Michael: Wow.

John: You know. We basically built a whole protocol for how we would test media. You know, we mitigate our risk tremendously. We never every single contractual clause, you know, and any gotcha's that would get in there. But in the beginning we lost many, many times. And just, you know, to be clear. It wasn't just about us buying low and selling high. It was like. Because we're actually taking principle risk in the equation, remember, it wasn't just like saying, 'Oh. Well, I'm going to go out and buy CPMs - four dollar CPMs - and then go and sell them to my advertisers at eight dollars'. I would go out and buy CPMs every day - four dollar CPMs -, but I'd charge my clients ten dollars a lead. So, it was actually. It was almost, you know. There's an extra element in there. We had actually create the conversion that happened. And it was all because we were able to place the media so much more efficient and effectively that we were able to do that. And I would proper that nobody's been able to replicate that still to this day, and the company is still the number one in that space.

Michael: Wow. Alright. So let's go back in time. Because I think a lot of domain investors look at their domains and say, 'I can create a business out of this one. I've got an idea'. So let's go back go the very beginning, when you had Tekno Surf, and this idea. Who came up with the idea? You, your brother, or somebody else?

John: Again, like I already basically had some of the core technology stuff. So you know, the very beginning was just me. But the reality is that my brother was, you know, if not equal, if not even more instrumental in everything. And, you know, he's five years older than me. He had a tremendous amount more business experience. He was reporting to the CEO of Capital One Financial Corporation, and he worked in Proctor and Gamble. And, you know, manufacturing plants before that. And, you know, it's like, if we didn't converge together at the prody of my father, you know, probably none of this would of ever had happened. So, you know, I never feel comfortable taking credit, you know. On a technical basis, yes. Just like he was born before me, I kind of started working on the idea. But the idea wasn't the same. It was basically just this ad network. It wasn't the yield management components to it. It wasn't really well figured out, and executed against. He, you know, took a tremendous leap of faith, I think, and you know, and coming and working with me. Leaving, you know, a very promising corporate career track. And, you know.

Michael: So clearly he thought it had a lot of value. It was an idea that had a tremendous amount of potential. Otherwise he wouldn't have left his, you know, nice EFT paychecks every two weeks. So, you had this idea for an ad network. You probably didn't envision what it would become when you sold it. You probably thought, 'I'm going to buy some space, and I'm going to try and resell it. Maybe I'm going to add some secret sauce in the center'. What was your first step when you and Scott got together and you started to work on the business?

John: Sure. So. And just, you know, it's actually a great point, just as quick point. At the time, for me, what was going on was that there was basically a handful of companies. Double Click, which I'm sure most of you are familiar with that we call twenty-four seven media. Even I think Flycast was around then. And the key thing that was going on in the market then was is that supply was much greater than demand. And there was, for every hundred web sites that was applying to become a member to the Double Click network, they were accepting one. And what we knew was that, if we could go to these ninety-nine and offer them something versus their nothing that they had today, that there was a tremendous opportunity there. And then secondarily, we also knew that these Double Clicks of the world were charging twenty, thirty, forty, fifty CPM, and it just seemed outrageous and egregiously high. And we knew that their sell through rates were low. We were talking to the publishers who were basically locked into these exclusive contracts. With Double Click, Double Click was only selling ten, fifteen percent of their inventory. So the basic notion at the time, you know, my brother really knew the optimization components and knew, you know, understood what that meant to take it to the next level. For me it was more immediate opportunity just saying, well, if we just offer advertisers a less risky model of a per click pricing, and we offer publishers something when they're being rejected.

Michael: Right.

John: And we knew that we were on to something there. And that was. For me, that was kind of the genesis of it. My brother, I would tell you that he knew much. He was able to see much farther, deeper into what it was that, you know, what the vision for the model was. You know, in respect to how we started. So basically, I had developed, what I call, Right Label Affiliate Software. Basically, Amazon had their affiliate program. And me and another developer basically, you know, created our own version of it. And then I sort of (Unclear 29:11) it out there, and then just through an evolution over the course of a year, you know, I was just trying to grow the business; this was really before my brother came on. I said, 'Well, I could sit there and continue to license this thing out, but the problem was was that I wasn't getting any residuals'. So when I would sell it, you know, that I was done.

Michael: Right.

John: And obviously I'm sitting there in tune to what's going on in the advertise space. And that was. So again, that was kind eureka for me. I said, 'Well, wait. I got this software. I could adapt it so it works more in this network model. And secondarily, my business opportunity is to go after everything that Double Click and Twenty-Four Seven, these other guys, just we're fulfilling'. And, you know, while I was going down that path, at the same time my brother was working for Capital One. My father kept kind of saying, you know, you guys should really talk. And, you know, there was a seminal dinner meeting that we had. I think it was Thanksgiving, if I recall. Maybe Thanksgiving, or maybe Passover. Something like that. And my brother and I were meeting in my bedroom, and you know, it just turned into this like six hour meeting. And he basically drew this chart. I've talked about this before. I'll see if I can draw it real quick. I always kind of. I call it the chart that my brother drew to get me to give him fifty percent of the company.

Michael: One on the back of the envelope chart was fifty percent right there.

John: I was on to something. I was figuring out. Give me one second. Here it is.

Michael: That's phenomenal.

John: Here's the chart.

Michael: Alright. So for those of us listening on the MP3 of this, John is now drawing the chart.

John: Yeah. I'll show you real quick. Just give me one second.

Michael: You know a lot of people will only listen to the audio John, so now I'm going to force them to come watch the video. We are right around forty minutes, so if anyone wants to. Maybe a little bit less than that. We had some technical difficulties. So if anybody wants to come in, about a half an hour in, this is where you'll see John's chart. Here we go.

John: This was the chart. This was chart that my brother drew in the white part that.

Michael: John Ferber! You gave fifty percent of four hundred and ninety-five million dollars for that chart right there?!

John: It was a two hundred and fifty million dollars chart. But, you know.

Michael: People need to come on and look at this video.

John: Again, I say it fatuously because none of this would've happened if it wasn't, you know, the partnership - the union - with my brother. In many ways I give him home credit than I give myself. But this was the chart. And, you know, it's kind of scratchy here, but he was saying this was it. And I remember it like it was yesterday, hearing it with his passion. And he was saying, 'this is the fundamental media and advertising chart'. And well, the vertical axis is risk. Low on the bottom; high on the top. And on the horizontal axis it says CPA, cost per action, cost per click, and cost per a thousand or CPM. And right here, the easy way to interpret it is, advertisers who pay you on a CPA basis bear very little risk.

Michael: Right.

John: And advertisers that pay on a CPM basis have very high risk. And conversely, publishers who get paid on only a CPA basis bear all the risk. And likewise, when you get paid on a CPM basis, they bear very little risk on the transaction risk, right?

Michael: Right. Right.

John: They have no. Right. And obviously, at the time, there was this thing that didn't even know. It was barely even in the likes of kind of people called CPC. But we knew. Even though we had suspicions it wasn't really that correlative, we knew that there was opportunity there because of the big discombobulation that was already there in the market. It was just hugely inefficient. And he said, 'IF!' He goes, 'IF!' Just like that. He said, 'IF we could build', and it was really about there. He really knew it because he had the background. He said, if we could build the optimization algorithms to place media more effectively, then theoretically, we can go to every publisher and offer them exactly what they want, which was to get paid on a CPM basis. And then theoretically, we would have access to all the supply. And he said that theoretically, if we can go to every advertiser and tell them you only can have to pay me when I generate a lead or a customer for you. Then theoretically they would all say, here's a blank checkbook, you know. We'll take an infinite amount of customers as long as I get them along these lines. And that was the premise. That was really the premise. That's what sold me, and that's what, you know, bid me. And five minutes after seeing this, said, 'Yes! I'm giving you half the company. Now, let's go'. You know, whatever. I mean. It's because, again, I'm saying it a little lighthearted because.

Michael: Oh, yeah. Of course. Of course.

John: But the point is, is that, you know, he was right. He was exactly right. To me, I didn't even understand it that much at the time because I didn't have that strong of a marketing background, but he was right. He understood it, and he was right.

Michael: Alright. So tell me what you did. You have this software; the White Label Affiliate Software, which would allow you to track any type of advertisement. And of course, you had to modify it, I'm sure, for the specific Tekno Surf areas. So you got this advertising. You've got this software that allows you to put advertising some place, track how many clicks, how many impressions, I suspect, are going on with it. What was the first thing you and Scott did when you decided you were going to focus full time on this company?

John: First and foremost, Scott resigned from his current employer. And he actually moved into another apartment in the same college community place I was in. And he just jumped in with full gusto, just like I did. The first thing he did was actually clean up the accounting mess that I had made because.

Michael: First I should point I that was probably terrible. He probably really didn't enjoy moving back into a college community, you know, with the co-eds around.

John: No. It wasn't. Honestly, he was such a hard worker. He still is to this day. But, you know, he never. It wasn't like a second, you know, youth. He was already dating.

Michael: I'm sorry to distract you. So the first thing he did was he looked at your finances, said, 'Hey, John. I don't know what you're doing selling your software here. Let's get your finances straightened out'.

John: Yeah, so he got the finances straightened out.

Michael: Okay.

John: You know, we basically fixed our corporation, you know, reincorporated ourselves or what have you.

Michael: Yep.

John: And then, you know, actually fascinating enough, and again, you know, why I give him so much credit and, you know, if not more and greater is that our very first client was Capital One.

Michael: Wow.

John: He went back to his former employer, and he got them to commit fifty thousand dollars in a first test buy with us. And we used that money, and we basically, you know, it was just a God. It was an old game of, you know, it was a little bit, not vaporware so much, but it was a little bit of chicken and the egg. You know, we didn't really have a network, but these guys were expecting us to have one. And by the Grace of God, we got this contract. It was, you know, we got this fifty thousand dollar deal, and we worked as frivosly as we possibly could to go out and buy the supply chain to fulfill that fifty thousand, while at the same time having to go out and build up more advertising sales. So, you know, the initial division of kind of what he did versus I did. I was all technology and supply. So, publishers and just making the technology platform worked. And he was sales and corporate, you know, matters and corporate structure, and hiring, and you know, figuring out all that stuff. I was really the technologist and the supply side guy. And I was also operations initially too.

Michael: So, and that makes perfect sense in sort of the startup environment. How long did you to go at it with just you two? You handling the technical side; him handling the business development side? Or, you handling the technical and publisher side, and him handling the business development sales side? How long did you two just operate the business as is?

John: Great question. He joined. He basically moved into Talsan, Maryland, if I recall, in June or July of '97. And then, we then rented another office to blocks from campus, and that was in October. That was basically the launch; it was October '97, if I recall correctly. Maybe '98; '97 or '98.

Michael: '98.

John: And,it was just us until February, and we hired our first few people who were basically friends of mine from the college community. And, you know, that was the first on-boarding of third parties of, you know, other people. So basically we, you know, we had launched and we were up and running for about four months just me and him.

Michael: So four or five months. That's not very long at all. Did you have more revenue come in besides the fifty thousand dollars from Capital One?

John: Yeah, we did. I mean, once we, again, I mean it's in retrospect it's almost a miracle that it all happened. You know, it's a miracle. I had no fingernails because I would chew them excessively, and you know, it was a nerve-wrecker back then, but you know, we were, again, you know, we were able to get into this market where people were buying and selling clicks. And you know, we had all the supply. And we had a great reputation. And I was much more attracted than spending thirty dollar CPM through one of these premiere networks. So, you know, it wasn't easy and we made tons of mistakes, and you know, God knows it, but you know, we were there and we were just fighting, and stricken, and pushing for every dollar that we got, but you know, the Capital One deal kept going.

Michael: Yeah.

John: And that relationship didn't grow too much, but we were able to bring in more advertisers and the business jut kept growing. In that October-November-December period, and again, I'm thinking it was actually back in

'98, we did like a hundred and twelve thousand dollars. And then the next year we did like twelve million. Just to give you a perspective.

Michael: Wow! A hundred and twenty-eight thousand the first quarter that you were live. And in the first year you did how many million?

John: If I recall correctly it was like nine to eleven million. Something like that.

Michael: Wow! Now, not all of that, excuse me, was pocketed of course. A lot of it; most of it probably went to the publishers?

John: Yeah. I mean, you know, at the beginning of the business we had probably roughly close to fifty percent gross margins.

Michael: Wow!

John: You know, just like every business. And especially with the Internet and competition, it decreased over time. And we, you know, I think when we sold the company it was probably in the mid-thirties.

Michael: Yeah.

John: But, you know, the eleven million, we still lost money because we were growing the company. So it wasn't, you know, it wasn't.

Michael: Yeah.

John: Ninety-five million dollars profit.

Michael: Okay. So I understand your brother was a great salesperson. And he understood systems optimization and supply chains optimization. So he could go to somebody at like a Capital One, really be convincing; really sell them. It didn't matter that you guys didn't have the software that was running at the time. He was going to sell it, and he was going to say you could deliver it. Because that was your job, to deliver it.

John: Yeah.

Michael: So, your job was to actually customize the software you had. Make it so that it could work across all these publisher's sites. The question that I have, and you know, most domain investors, you know, they're probably not technologists, so they should go off and find a technology co-founder or a partner, or hire somebody, but my question for you is, how did you find so many publishers? You know, it's not like Double Click was saying, 'Here John. Take all these people we're rejecting, and you can go sell to them'. How did you find out who was being rejected from Double Click who would take, you know, lower CPM just to be able to display advertising?

John: Yeah. That's a great question. I mean, actually, you'd be surprised and, you know, it's not like this anymore because, you know, we knew this years later. But initially there was no recruitment. We just had a signup form on our web site, and every single day about a hundred to two hundred people who were just coming to our web site just signing up. And then we had to be very scrutinous to approve because it was all kind of (Unclear 40:24.8) out there, so you know, we would only accept maybe five or ten percent. And then one of the very first employees that we hired in February was one of our first, what we call, publisher services group. And, you know, their job was to go out and call every single web site that existed, and you know, we bought data sets, or you know, we used whatever, the Alexa, or whatever it was back then. And you know, you just went through them and, you know, you start to. And our challenge was, you know, the top thousand media properties out there, we couldn't work with. Because they were still demanding a CPM-based, you know, payment mechanism. At the time, the economics didn't work out, so we were basically relegated to this lower tier of web sites, which was fine by us. We didn't really give, you know, care. But you know, it was a little bit harder because advertisers want to know where their ads are being shown, and you know, everyone wants to see this pristine site list with US Today and New York Times and Wall Street Journal, and then we're showing them, you know, CodytheDog.com.

Michael: That somehow gets ten million unique visitors per month or something, right?

John: Yeah, exactly. Exactly. But, you know, again, I mean, that always confounded us. I mean, back then it was so easy to start this supply chain and, you know, we started many more new products. You know, started affiliate networks. We started newsletter networks. We had so many things at advertising.com, and we recognized how it got harder and harder because there was more competition that these organic inbound inquiries of people saying, 'Yes. I would love to give you my advertising space', you know, just diminished over time.

Michael: Right.

John: And it was also just, you know, it was the old eighty-twenty rule, where twenty percent of the biggest guys could provide you eighty percent of your volume. So over time and over the years, we made conscientious decisions to try to wean ourselves off of these smaller players, and just do more business with fewer players that were bigger in size.

Michael: That makes sense. So, you went and you found lists online of the larger sites. You went down the list, some of which were using Double Click, and you said, 'Thanks for your time', and you moved on to somebody else. But the hundred publishers that came per day to fill out your form or visit your web site, before you had hired a person to actually reach out to publishers, was that just from online advertising, or?

John: It was, you know. Yeah. It was just a handful of sites. I was very active in, you know, there was a bunch of, you know, and I'm probably dating myself, it was a company called EGroups that's now called- Yahoo bought it - Yahoo Groups. But there was a bunch of active advertising discussion forums on there, you know. Mark Welsh, I don't know if the name rings a bell to anybody, but he was this guy. He ran one of them, and this, again, 1998/1999, and I was very active in there. There was always a handful of these web sites that were categorizing all these earning opportunities, you know, all these networks that were basically like review sites that were popping up, reviewing advertising programs and so forth. And we were there, and that's where everything was coming from. You know, it was a much smaller world, so it was a lot easier to become known.

Michael: John, how did you find..

John: And actually, in many ways it kind of reminds me of the domain industry now, because you know, you go to Ad Tech and it's probably fifteen to fifteen thousand, two thousand attendees. You know, you go to domainfest or traffic, and you know, you got five hundred to a thousand. It's just a smaller industry and with domain holdings, it was so much easier for us to become aware to everybody than it would be if I was starting a new Advertising.com and brought it into that advertising industry. A thousand of those companies and I'm sure the domain industry, I think, there is a lot domain service provider companies. And there are. There's a couple dozen. But you go to Ad Tech and you'll see nine hundred exhibiters, and every single one of them, it looks like perfect competition. They're all just saying the same thing. 'Web, you know, banner search'. They all say the same thing. So it's hard to stick out. But back then, you know, you were one of ten companies.

Michael: So you got in early, and that provided a differentiation. How did you fund the business? How did you have the money to startup the business to begin with, John?

John: Sure. I mean the very, very beginning was basically we couldn't, you know, cash contributions by me and my brother. But, you know, I've talked about pretty openly in the past, I kind of created a dire financial situation for myself because I was mismanaging the company when I was by myself before my brother joined me. So, you know, I had, you know, just made sure I took care of my tax obligation, which I did do. And my brother committed basically his life savings at the time.

Michael: Wow.

John: And you know, how much of that was to me at the time I just don't recall. But it was substantial on his part. And that got us basically through the first six months or so. And then, you know, Scott was the money raiser. Scott went out and we did a friends and family round of, I think it was, we actually had a really quick one, it was maybe a half a million or three quarters of a million. And we followed it up really quickly with another two, two and a half, again, friends and family kind of e-joined investors. And then we did a VC round of basically around eleven million dollars. And then we did an institutional round that was roughly fifty-seven million, I think. That was, you know, Roiters, Worldcom, AOL/Time Warner, and WPP.

Michael: Do you remember who was on the VC round? The eleven million VC round? I don't remember reading about that.

John: Yeah. Yeah. Absolutely. It was New Enterprise Associates and the investment was led by Art Marks, who was a board member and investor in Domain Holdings Group. His new firm is called The How Partners. And he's been a great friend of mine, and advisor, and supporter of mine and my brothers. He's also an investor in my brother's new company, titled Today. So that was NEA. There was a company called Blue Chip Venture Capital out of Ohio. And Tim Shable was a lead investor for, you know, with handling our company. And then Grow Tech, out of Tumany, Maryland. And Pat Karens, who; Pat's actually now at NEA. Just because a little bit of musical chairs. Pat's at NEA, but. And both, Pat and I are both investors in my brother's company titled TV Now, and Art is an investor in Domain holdings.

Michael: Gotcha. Alright. And so, you know, I think people; a lot of people are like me. People have short term memory syndrome. They forget the things that just happened like five years ago, but if you think back to the time when you were building the company, not the, you know, the last quarter of 1998 through the first year of 1999 where you brought in the nine to eleven millions, but actually didn't have any profit. That was a tough time. And if you think back to 2000/2004, the markets were dead; there was no money out there; advertisers were retrenching. The whole sock puppet, you know, pest.com thing imploded. Yet you were able to build a company from zero to, you know, tens of millions. What do you attribute that to?

John: Okay. You're talking about a couple different periods of time. So, you know, the beginning part of the success was actually driven by this dot com mania. And what I mean by that is is that we had companies who we're basically just; they were calling us up and they're saying, 'We need visits to our web site, you know, Pest.com'.

Michael: Right.

John: I know this. And they were just irrational. They were just trying to meet their earnings, and just impress their investors, and do all these things. And I mean just every day another. Every time any company was, you know, VC funded, you know, within a month we get some call, or you know, their IO or IFP would be in front of our desk and, you know, they're looking for millions of visits a month. And, you know, a visit back then was roughly fifty cents a visit, so you know, if you need a million, that's a half a million bucks, and you know, that's not too cheap. And that was great. We rode that as well and as best as we could. The challenge was when the dot com crash happened.

Michael: Right.

John: And that's really when our whole technology platform became just critically instrumental and we saw (Unclear 48:13) everybody else did because the budgets disappeared. And literally a period of six months, sixty-six percent of our revenue declined. So at the peak of the dot com hype, we were doing about six million a month. And then six months later, we were doing two million dollars a month. To give you a perspective. And basically it wasn't because we weren't delivering on what it was that we wanted, it was just that our clients disappeared. They disappeared off the face of the planet.

Michael: Yeah.

John: And what happened was that, and you know, all of our competitors were still fighting for the same dollars that were around, and it was, you know, it was one, that was just very bloody; it was very depressing and stressful, and all those things. But, like I mentioned earlier, our technology actually did exactly what it was that we said it would do. And everybody else's didn't. They were just basically, you know, stealing everybody else's marketing, and you know, positioning points. But they couldn't actually deliver on it. And what happened over time was, just like a pawn shops like sell in a down economy, was that, you know, the smart money you found us. And they said, 'Well, wait a minute, you know. You can actually do what I want'. At the time we had, you know, we had a big debt consolidator, and advertisers as an example. And we took them from like twenty-five thousand dollars a month to like three hundred thousand dollars a month. And just nobody could deliver what he wanted, which was scale and leads, and he could only pay us for the leads. And, you know, with stories like that over and over again. And none of our companies were even working. So they were saying that they had this optimization technology, but was so fascinating was that they didn't have anything. They didn't. Weren't even working on it. So we are actually working it from day one of our company, so we had a huge head start, you know, and ultimately we had a team of ten, twenty, thirty engineers just working on the optimization technology. And it was just one of those things that, you know, you can't make up for the amount of man hours that are invested into something. You have to actually go out and do it. And so, you know, by the Grace of God we were just really well positioned when the market fell out. And, you know, it was a horrible time. We had lay off over, you know, a third of our staff. We went through same types of horrible stuff, you know, fucked company and these articles, you know, the bottom of our son putting, you know, putting photos of us, you know, that they just, you know, they came and did a photo shoot, you know, a year earlier. And found one where I'm frowning, you know. It wasn't even that I was posing for it. The guy just taking a hundred photos, looks like I'm frowning, and next thing I know, I'm on the front page of our local newspaper. You know, me, you know, being trashed, and saying, you know, this is the guy that was, you know, the dot com darling of Baltimore and, you know, now it's all gone and done. You know, everybody is quick to do this; you know, trash you. And it was horrible. But, you know, as I've said in the past, what was so interesting it was that everybody in the company knew that we actually had something of real value that we were providing to our customers. So it was like, if we could tune out the negativity and focus on executing, and you knew, we knew we were on the right path. And you know, the bottom line was the results of the company speak for themselves. We, you know, bottomed out through that 9/11, and then it was just every single quarter after that was consecutive growth. We reached profitability about in, you know, mid-2002. We filed for our IPO in 2004. We were just printing cash. And, you know, we also had a very defensive-able position that was very hard for anybody to come in and want to trench us. And, you know, the story is pretty well documented.

Michael: Yeah, I know. It's a fantastic story for anybody that hasn't read it. And the fact that you tried to go for IPO and actually forced AOL's hand to make the purchase was to some degree. It was a fantastic story. But, you know, people in the domain industry, John, they want to hear about the story of Advertising.com.

John: Sure.

Michael: Can you tell how you actually came to acquire Advertising.com?

John: Yeah, sure. It was actually the same guy I mentioned earlier in the shout-out that registered Techno Surf. The quick story is, he came into my office one day and he said, you know, 'Advertising.com is for sale for a million dollars'. And I turned to him and said, 'I know. We have no interest in this. And, you know, please don't even spend another minute. You know, go focus on what we want you to do'.

Michael: Tell me his name one more time.

John: His name is John Demay. He was just in town last week and I had dinner with him. He's a good friend of mine.

Michael: Right.

John: And at the time, he came into our office. He came into my office and, you know, hey, I was just talking to this guy and he owns Advertising.com, and he offered to sell it for a million bucks. I said, 'Please don't even waste your time'. You know. We were like so busy with everything else, but five minutes of your time wasn't really worthwhile to the guy. When he came back in on a Friday, and he said, 'Look. I know you told me not to talk about, you know, spend any time on this thing, whatever. But the guy just wrote me. They're a publicly trader company. They're not going to make their payroll. And they're, you know; they said they would take a hundred grand if we can wire it by four o' clock today'. And so, I went to talk to my brother. And, you know, we had just raised the twelve million or eleven million from the VC, so we had it in the bank. But we interestingly did a provision in our contract that said anything over a hundred grand had to have their approval. So it was very fine, and ultimately I think we paid ninety-nine thousand nine hundred and ninety-nine dollars. The bottom line is, we didn't buy it with any intention of changing our name. It was just one of these wise opportunities that came along that we just felt really comfortable knowing that it was worth at least a hundred grand. And, you know, at the time, even in retrospect, I, you know, actually I know this is going to sound crazy. I, you know, think it was the wrong thing to do for the strategy of the company and the use of cash at the time. You know, if I had a hundred grand I would. If I had a million bucks back then, and I had a hundred grand personally, yes, it would of been a great investment. But for the company at the time, it just didn't really make a lot of sense. But yet, we felt comfortable with it. And I remember we were all nervous to, you know, go and tell the board about it, and all that. But at the end of the day, and there wasn't a lot of, you know, evidence domain sales that substantiated these high prices back then. This is 1999, when we bought it. But long story short, we bought it. And fast forward about six months later, and what happened was, we were talking to our sales force and we're saying, you know, 'Talk just about what's going on in the marketplace'. And they go, 'Well, our biggest single challenge is we only had forty-five seconds when we're on the phone or we're meeting someone to explain to them what is that we do. And the problem was is that our name at the time, Techno Surf Technologies, had no intuitive commendation' to what it was that we did, and they're basically saying that they're wasting their forty-five seconds by saying we're Techno Suft Technologies, but we're a company that does advertising (Unclear 54:27). And we were like, Okay, you know. We're thinking and just processing it. And we're thinking about it. And we're like, 'Okay. Well, maybe we should change our name'. And we're thinking about it. You know, and somebody comes up, you know, and just commented a little, you know, 'Hey, by the way, you know, we own Advertising.com'. And at the time when we were making this decision, I remember it was like the peak of, you know, to have a dot com and you name was it. You know, the whole URL. And it was like the best! And long story short, we decided to change our name. It was the best decision we ever could've made. It was painful during the period of it. And I'll explain that in a moment. But why it was so great was because I'd knew it on day one. And the reason why was because we went out and announced it, and then people were calling us up, or I was talking to people and they were saying basically that they already thought that we had existed. And that was the value of having that name. People already thought that we were already there. You know, they were like, 'Oh, yeah! I've heard of you guys!' I'm like, 'You did? We didn't exist yesterday'. But, you know. And then created some, you know, and it solved our sales persons problem because now it wasn't that much of a question. Oh, well, we're Advertising.com. Oh, what do you guys do? Oh, it's right there! You know, why it was so painful was, you know, who would've thought that six months later it was the single worst thing you could possibly have. And your name was a dot com. And it was really like that for about, you know. And I mean gosh, it was like that for years, you know, to be honest with you, where you would almost cringe and I'd be out socially and someone would saysay, 'Oh, what are you doing?' I'd say, 'Oh, own a company'. And you sort of, 'Ugh. Advertising.com'. And then my brother actually gave a great speech and, you know, I've referred to it a lot, but you know, once we turned a corner and we were profitable for like a quarter with like them. My brother made this epic speech in front of the company, and said, you know, and he acknowledged how challenging it was to have our name as a dot com. And how, you know, it created uncomfort. So forth and so on. But he's basically saying that. He goes, 'Look. Good, bad, or ugly, we're kicking ass. We're profitable. And we're here to stay'. And we basically weared that dot come proud badge with pride. And he was right, you know. At the end of the day, you know, who cares, you know, what your name is, but, you know, as long as your business is good and excels and does good business. And so, you know. So we kind of came around full circle, and now, you know, after a while we started, you know, not only did we have it, but intentionally using things in our top tag line. I think we said we put the dot in dot com. You know. We were like using it, and playing off of it in a positive way to accentuate it, but, you know, it is what it is.

Michael: So, we talked right before the show that the evaluation that AOL placed on Advertising.com was based on primarily what factors?

John: The underline business fundamentals. So, you know, and, you know, not to. I've always kind of looked at domain names and said there's two ways that they're bought or sold. And, you know, there's this, you know. Like when we bought Advertising.com, we just bought a name. There was no business behind it, and it was some kind of value associative to it that we perceived the value to it at that moment in time. And, you know, different parties can all look at the same thing and put a different value to it, right? Because it's what they can make out of it.

Michael: Right.

John: And, you know, there's some intrinsic value that it could be different for different parties. And, you know, that's where a lot of domain name space is today, right? You know. I think Social.com, right, was a big sale this year for 2.6 million dollars. They just bought it for the name. There was no business behind it. And then there was the other side, where people are buying businesses that happen to be anchored or inclusive of a domain name. And it's somewhat of a double edge form. Because a lot of times people go out and they take a great name, and they start building a business behind it. And the business doesn't get that big. And all of a sudden, it works counter-intuitive to them because the guys saying, 'Well, I'm thinking of buying your domain name, but I have to look at the financials of your business'. And then, 'Well, wait a minute. You're asking for a million dollars, but yet, the business only does a hundred thousand dollars, you know. You're asking ten times revenues, you know. You're crazy!' But the name really could've been, you know, the name could've been worth a million if it had (Unclear 58:20) revenues, right? It sometimes works against him. With Advertising.com, I never actually talked to the acquirer, so I can only tell you what I suspect. But I don't believe they even paid one penny for the name. I don't even think they looked at it and said, 'Oh, well, we're also getting this thing Advertising.com, which is a domain name'. They bought it, you know, my opinion was that they bought it based off the financial performance of the company. And while the name was helpful to us in a myriad of ways, it was also actually completely unmeasurable. I have no way of looking back on it and saying how much business was because of our name was Advertising.com. And even though we were doing this great advertising company doing all this tracking and all that, we actually did a very poor job with tracking the value.

Michael: So AOL didn't give you any value for the dot com domain name, which let's say might've been worth a million dollars, but you might not have been able to build such a successful company over the six years without the Advertising.com brand. And when you called people up they're saying, 'Hey, I know you guys'. Well, we didn't exist yesterday. I don't know how you could know about us. But great! As long as we make a sale today.

John: Yeah. I mean there's, yeah.

Michael: So it sort of comes hand in hand. It's not directly measurable. But it somehow helped out the business you think.

John: Absolutely. I mean it definitely helped out the business. And, you know, I mean it's just not like AOL said, 'Oh, I'll tell you what. We'll give you four hundred and ninety-six million for the business. And then another million dollars for the domain name'. It was just, you know, I mean we had several thousand domain names. You know, the second best one, or one of the best one that I always thought that was just kind of sitting there doing nothing was LocalAdvertising, which we paid fifty grand for in the early 2000s. And, you know. But it was just, you know, AOL came in and they did all this due diligence, you know, this was a list of assets, you know. One list was saying every computer owned, and every server and monitor. Another one's saying, you know, here's a list of domain names, and I just don't think anybody ever looked at it, and said, 'Well, we're going to add all this up and add this to the value'. I think they said, 'Alright. Well, they're doing two hundred twenty-five million dollars in revenues this year. You know. Blah, blah, blah, blah, blah. You know. We'll offer them a multiple off of their profits'. And that's how the business was purchased, you know. But, again, the name wasn't. The name was integral. It's just unquantifiable.

Michael: Right. Very well put. So after you sold Advertising.com, you actually started an incubator. You did some angel investing, and from what I read, it sounds like you spent some time learning about some emerging technologies. Is that a fair summary?

John: Yeah. Absolutely. I left in 2006, after two years, through the acquisition, and I relocated to South Florida, and I spent nine month; that was my nine months of my twenties trying to regain my, you know, the fun times of my twenties. And then I started an incubator. Exactly right.

Michael: What was the name of that incubator?

John: It was called Vandalay Industries.

Michael: So you actually watched Seinfield. You saw, I think, Castanza saying, 'I'm calling for Vandalay Industries', or Kramer, 'When such and such calls you for a reference, tell them you're at Vandalay Industries'. So you actually bought VandalayIndustries.com.

John: Yeah. I mean the super quick story was, we were sitting around for about six hours one day trying to think of the name, you know, of this incubator. And after a while I just kind of got frustrated. I was like, 'Ugh! What a colossal waste of time! I can't believe we just spent six hours trying to think up of a name, and we can't all agree on a name'. I go, 'Let's just call it Vandalay Industries', you know, I just kind of rolled it out of my tongue. I wasn't really thinking about it. And, you know, obviously I'm a big Seinfield fan, and you know, I know what the reference is from. And then I Google, you know, go to the web site, and it happened to be owned by somebody from Baltimore, where I'm from. And he was using it weirdly enough as a Fantasy Football web site, but I wrote it. I said, 'I'll give you twenty-five hundred bucks', and he said, 'Done deal'. And then you know, next thing I know, we had it. I mean it was never an operating business. It's basically the Vandalay Industries is the holding company for my personal assets inside of all these companies that we spun off. So, you know, each company has its own identity, but my ownership is in there. And you know, we decorate the office. There's a web site up there as kind of a little tongue and cheek. And there's a little secret video on the bottom. I know you to me not to, but I'll go and see if it's still there. If you go, there's a little Easter Egg at the bottom of the web site.

Michael: Yeah. We're going to check that out.

John: Let me see. Yes, it's there. Vandalay Industries.

Michael: Still there? Okay. Lower left hand side.

John: Yeah. It was just, you know. It's a funny thing that you'll see, but the lower right hand side.

Michael: We'll have to check that out. We'll have to go check it out afterwards.

John: Yeah.

Michael: So, is most of your? So, actually, let me back up. So you spent a ton of time doing computers. You spent a ton of time doing Advertising.com. You understood that a premium generic single-word domain name that defines an industry can help generate more sales. You clearly understood the value of domain names when you called up this guy at Vandalay Industries, which has a great reference to an enormously, one of the most popular sitcoms. And you offer him money to close quickly. How many domain names have you owned in your career up until that point would you estimate?

John: Up until 2006?

Michael: Yeah. Did you own a lot?

John: Yeah. I personally probably owned my peak maybe five hundred or so.

Michael: Yeah.

John: It was actually interesting because my mom, of all people, who kind of clued me into the value of them back in 1997. And I was explaining to her maybe in '96. I was at the dinner table explaining to her what a dot com was, and the whole thing. And I'll never forget it. And she has this eureka moment, and she goes, 'Oh! Oh! I know! I have an idea for you!' And then she goes, 'You should buy the names of people that are embarrassed to buy in stores'.

Michael: That's hilarious.

John: And I was like, you know, what do you mean? It didn't click in. And she goes, 'Well, you know, products and you know, health volumes, etcetera, etcetera. Dual continents products, etcetera'. And I said, you know, I remember I didn't even finish dinner. I was living in my parents house at the time. I run downstairs and I went online, and I bought all these names. The only one I managed to keep was AdultDiaper.com. And, you know, it was hand registered for seven dollars or something. I ended up selling it about two years ago for a thousand times what I paid for it.

Michael: Wow.

John: To give you a perspective. And I always thank my mom tremendously for that. But, you know, what happened was, was that, you know, I was buying them and then right around when we started Tekno Surf, I bought Joke.com. It was an opportunity that flew by me. It was, I think I paid about about ten grand. And ended up selling that to a well-known domainer a few years later for, again, about, well, about eight times more than what I paid for it. And then. But really once the company started formulating, all the domains, they actually got; they all got pushed into there. It was just a chaotic thing going on. I didn't really care that much about them, so the company technically resumed, you know, took over the ownership for these ones that I personally bought. And I really, you know, it wasn't too a big a deal to me at the time. I mean I really didn't care that much. But then the company Advertising.com owns several thousand. They weren't any great branded ones. They were all for unique product lines, or unique services. And we had this whole, you know, Email newsletter publishing business. We had twenty different Email newsletters, and each one, you know, Jokes.com; I mean there's really no commercialized value in it, but, you know, we had those types. And then we started building, you know, a lot of. And when started doing a lot of consumer marketing for big brands, we start buying them for unique destination. We were basically building mini-sites for campaigns and stuff. So if we were doing a campaign for an asthma drug, or something like that, we might buy generic asthma related domain as an example, and so on and so forth. But the company never really had, you know, stuff for Advertising.com never bought a domain name for an investment purpose. We, even when we bought LocalAdvertising.com for fifty grand, it was because we were actually going into, you know, we were creating a product and service there, and that's what it was intended for unless it equalitive. You know. We bought it for a reason. And then, you know, there was a handful of other ones. I remember I paid five grand for AdATM.com, and we never really did much with that. I don't even know what happened to it. But outside of that, there really wasn't much. And then, I've restarted buying domains basically around 2006, and I now own several thousand domain names. And, you know, I continue to add them. I just bought a handful earlier today, so you know, I'm always kind of.

Michael: What was your favorite purchase of today?

John: LumberMills.com.

Michael: Interesting. Alright. So let's talk about Domain Holdings. You've got DomainPower, ContentNetwork, SEOConsultants, MiniSites, and all of those are dot com. All of those are fantastic dot coms. Anybody would love to have SEOConsultants.com, or MiniSites.com. Who? Where'd you go John?

John: I'm right here. I had to fill up my water. I can hear you. I can hear you. Sorry.

Michael: No worries.

John: (Unclear 1:07:04). I'm done with this interview!

Michael: You're out of here!

John: I'm like Paris Hilton, where there's an electronic show and you ask me the wrong question. I just.

Michael: Clearly. You don't want to talk about domain holdings. Let's move on on to a different topic. Okay. Domain holdings. So. When you came together, who was your co-founder? Let's start there.

John: It was really two gentlemen. So, I was already working with a gentleman named Jason Bashav, who is our CEO of the company. And I believe you met him personally. And then Chad Folkening is the other, you know, co-founder and he was the guy - the gentleman - who really came for the domain industry. And I met Chad on a social basis in 2006, and developed a friendship with him. We both, you know, live in South Florida. And we had been talking for years about how we could work together, but it really was this confluence of events. We had this existing company called USO Networks, that was doing a variety of really SEO. We started doing, what we call, premium domain development. And then, you know, here was Chad and he had this technology platform and his, you know, roughly twenty thousand domain names. And we said, 'Well, you know, it seems like it's very complimentary if we take all these components and put them all together'. And that was basically the genesis of it.

Michael: Gotcha. So basically, you came together. You brought your content works, the SEO, the mini-sites, the domain power, which is monetization and development also. And so, is the main purpose of the company to try and develop your own holdings, like you as the co-founders, and then you then leverage it out to other people who also want to use your technology? Or is the main purpose to develop the technologies that are going to allow other people to do it?

John: It's a little bit of both. Because, you know, we are our own customer at the end of the day. And, you know, we have; my entire portfolio is on there, Chad's, and you know, and so forth. And, you know, we know, we basically consider them our own little testing grounds because, you know, you know, here we have an opportunity to mess around. And, you know, we don't have the same sensitivities as our customers do to, you know, revenue loss if we do something in a trial.

Michael: Right.

John: Etcetera. Etcetera. And we have the very real need ourselves to provide the service, you know, to develop the services that we do because we're trying to sit there and moan in our own portfolios and generate the most amount of revenues we possibly can. But it only makes sense for us if we're like, 'Well, we're out there creating this for ourselves, you know, why not figure out how we can make this - our service offerings - available to the broader communities so that they can take advantage of them as well?'

Michael: So that makes sense. And, you know, you're doing the things that people really need. They need development. They need people that understand how to do the development; how to SEO a website; how to build from the ground up so it ranks well within search engines. What's really promising? What's coming down the pipe in domain holdings that the industry should keep an eye on? What's working really well?

John: On the monetization side?

Michael: Yeah.

John: Yeah. So, we've done. We've evolved tremendously in just like the last six months. In fact, I'm not even sure our web site accurately reflects our current kind of vision and positioning. So, you know, a year ago when we first kind of started out there, our philosophy was that these parked pages and, you know, they didn't provide a lot of consumer value. They didn't really increase the value of a domain name. And while we recognized they might've made the most amount of money, and you know, per visit, and in the media they didn't create any long term value; users didn't want to come back to them, so forth and so on. And then the initial portions of our portfolio were all about giving development tools to portfolio owners so that they rapidly build, you know, much more robust and consumer value oriented web sites in an efficient and scalable fashion. And some of our customers, you know, and you know, they're all used and some of our customers value them more than money. But I will tell you, in fact, we just issued; we just did a survey with all of our customers and I think we published the results. We asked, you know, our customers blatantly and upfront, and said, you know, 'What's the most important thing to you?' And the majority of them are all like, 'Money is the single most important', you know, how much money they make, none of them feel of how great their web site looks or how much use it provides. And, you know, there's a sacrifice there, and we see it. We already know this. We know that if you have a nice designed shopping site, you know, like using our shopping frame, then a buyer is typically willing to pay more for it because they can envision what it is that they can do with it, right? You show them something that looks better, that's applicable, and they understand it. And, you know, we know this because people, when they come and they contact us, and they want to buy, it's expensive. And the first thing, 'Oh. I want all the content on it'. And we're like, 'Well, look, it's part of the platform. You have to go out and build your own'. You know, we (Unclear 1:11:38) for this thing. And what we've really been doing, you know, for the last four months or so, is we actually plugged about fifteen to twenty third party monetization providers. So we have all of our existing vertical solutions. We have fifteen vertical solutions for mortgage, debts, so forth and so on. We integrated WordPress in, and it's actually pretty sweet how it's all done. So, you know, you can set up thousands of WordPress sites, and I'll manage them all through one, you know, our interface.

Michael: Wow.

John: And makes pages and so forth and so on. Pretty powerful. Then we built in all these tabs into these third party monetization providers; Google, Yahoo, you know, Cart, I'm sorry, ParkLogic, ElephantTraffic's Endori, BrokersWeb, AdMarketPlace, EZanga; I mean, there's literally like fifteen or so.

Michael: John, do you have one in Distiple?

John: No, but I'm an advisor on there. That's a good question. That's a good point. That's funny. I never thought about that. And did you read about them, that you?

Michael: I've read them on your Crunch Paste profile. Looks like a great startup that John has invested in that allows publishers to put pictures on their web sites free of charge. But it comes with these little stippled dots that, when you mouse over them, it provides some information on the shirt that I'm wearing for example and you can go buy it immediately, and you get a percentage of the cut. It seems like a fantastic idea.

John: Yeah. Actually. I've actually. It's a company I wish I had more ownership in. I believe in their concept very much so. It's actually founded by Justin Timberlake, and I believe in those guys a lot. And thank you. Amazingly I never though about integrating our web site.

Michael: I'm glad I can help out.

John: Our DEO. It's actually a great idea. And lastly, what we've been working on now, is what we call; we call it our MDE: Monetization Decision

Engine. It's basically our version of Ad Learn, which was Ad.com's optimization algorithms. And we're basically, you know, we're building the yield management system for the domain industry, and for ourselves, and for our customs obviously to help them maximize their earnings, or set whatever their objective function in. And that's the key piece to us. Because it could be a hybrid; it could be a combination. Some of our customers want higher search engine rankings. Well, search engine rankings, you know, don't really translate to parking revenues. Why? Because basically Google will; if you're using like let's say a Google Feed, they index you from the search engines as well. So if you want to have rankings, you're not going to be able to use a Google Feed. It's basically. So, you know, we need to be able to let each domain owner have their own unique considerations down to the domain level about what's important for them, and let them optimize based on our monetization decision engine about which is the right solution for them. And it's all coming out right now, and the results have been astonishingly promising. So, and you know, I'll tell you another thing is just that we've been doing, you know, these, what we call, mini sites. We own MiniSites.net. I don't. I'll be honest with you. I'm not. I don't think the term gets people too excited, but they're mini sites because they're basically a few page web sites.

Michael: Right.

John: What's so interesting to me is that we've been testing pretty extensively. We built, well, we've built thousands of them, but we have a couple hundred of them in a control testing environment. And, you know, I know there's a lot of nay sayers. You know, people have had a variety of different experiences with them. Yadda, yadda, yadda. All I can tell you is that one average of the couple hundred that we're testing, they earned about seventy-five percent more in revenue than any parking solution does today. They do have the SEO ability and component, but that's not even taking that into consideration. So, you know, we're obviously trying to figure out how do we explore this more and exploit it more. We built a pretty amazing solution that enables us to create these in an incredibly efficient streamline manner that we can, you know, basically build out several hundred if not a thousand plus a day with unique content and with a unique design. And so that you know, I'm looking at them. We're looking at them pretty anxiously, and saying, 'How do we really take this to the next level?' So, you know, just overall, I mean, I think that's what's going in the space. The monetization space is an interesting space, you know. There's a lot of people, you know. It's just a lot of people have a variety of different opinions. People that have been in the industry for a long time feel that the sky is falling and has fallen, and maybe it's stabilized, and maybe it's even improved a little bit, but the heyday of, you know, the early part of the century and decade, and even up until 2004 and 2007, I don't think people are just aren't seeing that anymore. And, you know, it's whether or not that'll ever come back to that same level, you know, I'm not sure. I'm not here to pontificate or speculate on it, but you know, the key for us is helping people maximize the revenue that they generate from their domain, and helping them maximize the value that they generate just in general. So, you know, we call it domain life cycle management. I'm not sure if we coined it or our competitors did. I thought we did, but then I see it on their sites. I don't know. I don't know if I saw it on there subconsciously, but the point is is that, you know, we all kind of, you know, even us and the competitors or, you know, the other companies in space, we all kind of look at the same thing. We just kind of look at the life cycle of domains. Somebody buys it, they have to do something with it while they hold it, and they ultimately want to sell it. Just like real estate, right? I go. I see, oh, there's a lot that's empty down there. Do you want to buy it? I have to go, and am I going to build a 7/11? Am I going to put a gas station there? Am I going to put an apartment building? Am I going to build a house? Whatever it is that I'm going to do. Maybe I put a 7/11, or maybe I go an lease it to 7/11 franchisee, and he's renting it, and he pays me a ground rent for the next twenty, fifty years, which is like parking, right? And then ultimately I want to sell it, you know. I mean that's the life cycle.

Michael: Right.

John: And then typically you want to get back in and do it all over again. So, you know, what we weren't focusing on as much, not that it wasn't part of our business plan, just we're trying to execute, you know, stage by stage, is really the front and the back end, and helping people acquire domain names and helping them sell them. And we've really ramped that up tremendously in the last six months or so. And it's been very promising. And, you know, I think now that we're seeing all the pieces come together, you know, we're seeing how we could really create a lot of value and situation for our clients.

Michael: Let me ask you this John. I struggle with this a great deal. I know a lot of domain investors struggle with it as well. Do I focus just on one thing, or do I place a lot of bets across a whole life cycle let's say, and then look at what's paying off and focus on that? How do you decide what services you're going to offer at Domain Holdings when, you know, you're offering so many services already? Do you feel it's distracting you by offering so many versus just focusing on mini-sites and developing them out so you get high search engine optimization and really good actions, you know, user actions?

John: Great question. And in fact, we, you know, buy. I talk to myself every single day, and I ask myself pretty much that same exact question. And in fact, over the last three or four months or so, we've actually streamlined. We've reduced to things that we're focusing on. We actually used to do a lot more in what we call this premium net space, or we were talking a lot of entities and about partnerships where we were going to be doing this development work. And the bottom line was is that every single one of these web sites and domains, you start going down this path; you never anticipate how much work, you know, it is to go down this path. And it was hard for us to extract our value out of there, you know, and charge, you know, and create value for ourselves and ship momentum and so forth and so on. So we basically actually, we've streamlined the business. We really only look at it, and it was really just two components to us now. There's our platform and our brokerage, you know, sales service, you know, and (Unclear 1:19:09) sales things. And that's it, you know, we have half our office is all our sales guys; the other half is all of our platform. And it makes my life a lot simpler. I hundred percent agree with you. Some people are, you know. You actually hit on a key point and I think, you know, domain I started at traffic when I was on the panel. I was pretty much at the end so nobody was there, but you know, that came up. It was one of my key points. It's like you have to decide who you are, you know. You're either buyer and seller of domains, and that means you should go out and buy as many as you want, or you're a developer. And if you're a developer, you should probably only have like five or ten, and you know, focus excellently on executing on those five or ten. I don't think it's really possible to own ten thousand domains and be developer. They're just very distinct different scales. You know, a good friend of mine, Mike Nam, I know you've interview in the past, you know, he's already

(Unclear 1:20:01) one of the single best buyers of domain names in the world. Why? Well, Mike's got a proven track record, but you know, it's two hundred plus thousand of them. And, yeah, you know, he's actually building this amazing infrastructure, and you know, he's the only guy I know that's actually going through the level and extent to try to build all these individualized, you know, domains out of this thing, but you know, the rest of the people out there don't really have the inclination or the resources. And, you know, I certainly don't want to speak for anybody; Mike Nam or anything like that. But you know, like I'm also friendly with Frank Shilling, and Frank will tell you, you know, he just. He's just, you know, he just realized. He's like, 'Look. I own three hundred thousand plus domain names. Many of them, you know, fit in my passion and, you know, he loves stand up cattle boarding. I think he owns StandUpCattleBoards.com, or what have you, and it's just impractical. You have to find what you're great at and just stick to that. Don't try to do everything, you know. Don't try to own all the domain names in the world and try to be a buyer and seller of them. And then also try to be a developer of them. You know. It's just very hard. You're going to lose your focus and I think your odds of success are much less.

Great Question. And before I answer it, you know, I will tell you and we also came to the same realization at Ad.com interestingly enough. We created a variety of consumer-based products there. And what we came to the realization of there was that we don't know how to build consumer based products, right? But what we knew what we were great at was building these B to B exchanges, and that's really what all Ad.com was. We had the affiliate network. We had a, you know, Email network. We had our search network. We had our display network obviously. They were all exchanges through our buyers and sellers, and we were great at doing them. And if we stayed focused on that we were great. The second we went out and tried to make the, you know, the version of Myspace as, you know, not that, you know, whatever, we failed miserable, you know. What I'm great at. It's a great question. I think I'm actually only good at one thing. One thing and one thing only. And I stole this, or I borrowed this, from somebody who helped me realize what it was. And that person is Rich Shavas, who is the founder of Amway. And he lives near me and I'm very fortunate to have an opportunity to have lunch with him a couple of times a year, and he was telling, he said, 'John, you know, here I am'. I'm, now I guess he's in his eighties, or late seventies, and he said, 'You know, here I am. Everybody thinks I'm this incredibly great business person and I figured this thing; the world's largest multi-level marketing company. We've got millions of employees and customers around the world. We do billions of dollars in revenues'. He goes, 'But I'll tell you, I'm actually not good at anything'. Alright. He goes, 'I'm only good at one thing'. I was like, 'What? What is that?' And he goes, 'I believe that I am the world's best cheerleader'. I'm like, 'Cheerleader?' You know, just thinking. He goes, 'I have this innate ability. I don't even know what I'm doing, but I'm doing it. I just have this ability to make anybody, whoever they are, and whatever it is that they're doing, feel incredibly good about themselves in what it is that they're doing. And motivate and inspire them to do more'. And I was like, 'Wow!' That's so incredibly profound because you go back to the beginning of this interview, we talked about the Psychology, and the degree, and what business is all about, and understanding, you know, how do you get all these things done. And every single day I wake up just like everybody else and I come into this office and I got twenty-five people here, and I'm like, 'Okay. Well, how do I get what it is that I'm trying to accomplished done?' And it's all about how you motivate and inspire, and make people feel good about themselves so that they want to get up and come into work, and they want to excel, and they want to do well. So, I need to borrow from what Rich the Boss said, but if you ask me the one thing I think I'm good at, it's I'm the cheerleader, you know, and I think others will tell you something similarly about me. But that is what I think is my single greatest skill set. I'm not the most brilliant business guy, and I'm the worst artist in the world. And I'm half of a musician, even though I've been playing guitar for twenty-seven years now.

Michael: Hey, don't sell yourself short. I read online that you did a painting that sold like that.

John: Yeah. Actually, it was so great that I got it back. But.

Michael: I want to see this painting.

John: It's right there. It's funny you just mentioned that because Chad was the buyer of it. There it is. There's my first attempt.

Michael: So, the story is that you painted this for charity and it sold for two. Look at that.

John: Exactly. At least I get to have her back for you. But Chad bought it, and the proceeds went to my charity, the Micro Giving Foundation. And, anybody could tell I'm no Picasso, and that's okay, you know, I'm not. I'm also the first person, you know, to recognize what it is I'm not great at. I'm not trying to waste any time, you know, pretending or being anything; being that person. You know, I'm good with technology. Am I great? Not necessarily. I'm okay with math, you know, I'm not a mathlete. You know, I think, you know, and again, not to toot my own horn or anything like that, but I guess the other thing, and I used to say it a little bit, you know, more than saying the cheerleader was that, I just also seem to have the innate ability to kind of see into the future and tell what people want and need. You know, like I use BlackBerry as an example. I remember in 1999, when I my very first one and it was a pager; it had a AA battery and it was this little thing. I was walking around, and I would tell anybody, and I was just saying, 'This is the future', you know, it's like I saw it, right? You know, obviously I'm not trying to act like; I didn't invent it obviously, but.

Michael: Right. Right.

John: You know, I saw it, and I just knew it. And I just knew it then, and I was like so emphatic, And just like that, like I knew that display advertising online was just going to be tremendous. And I knew, you know, when we built our first PPC bid optimization engine in 2000, you know. I mean, Google wasn't even selling CPC advertising then. It was still fixed CPM for people that remember that. And I just knew how critically important that page search advertising was going to be, you know. And, you know, so it's like, have some little then I was reading, I don't know if you saw Business Insider this week, there was an interview with the guy that invented Match.com, and you know, how he sold it. He got, you know, he got fifty grand for it. But he basically said the same thing. He said that his key, you know, what he's identified as himself is this key guy propositioner. What he's best at is being able to identify trends ahead of the eight ball. And, you know, going out there and executing them.

Michael: Yeah. Well, and one other thing you have not mentioned since you've had the large inflow of cash after the sale of Advertising.com is you became a philanthropist as well. You have a number of charities that you have support that I've read about online. One that you founded is MicroGiving.com. What's your intention with MicroGiving.com? What would you like to see it become?

John: One is that, you know, why? What's my motivation? You know, once you've had success in business, you know, you have this emotional gratification and don't get me wrong, it's fantastic and typically for entrepreneurs you have this event, and then the first thing that happens is that you set a new goal and you say, 'Great. Now I have to get five hundred million'. Or, you know, whatever it is. And, you know, for me there was always this peace where I wanted to, you know, create something that had a positive impact on society. And I'm not done, but the Micro Giving Foundational platform was my first attempt - it was my first invention - to try to have a positive impact on society. You know, what it is, it's a platform that lets anybody raise money for anything. And it leverages the power and the immediacy of the Internet and social networking. And it puts a very humane, dignified face to it. Because a lot of people, especially with people who are distressed, it's embarrassing to have to go and ask for help, right? And it's free. I mean, well, I'm sorry, there's no cost upfront to use it. There was no fee including credit card fees for the first three years. We just recently (Unclear 1:27:27) a very nominal fee set. You know, the intention is to help people help themselves, and help people get help from others. I've, you know, looked at it and called it a variety of different things over the years. You know, some people say it's, you know, it's like a bidder. It's a tough race to save because a lot of people have a different impact on it. And some people say it's a wealth distribution machine, right? Because it enables people who don't have anything to get stuff from people who have ones and it's the facilitator of it. It's a platform. It's online. It's accessible from any device anywhere in the world and usable by anybody. And, you know, we initially created it with the intention of primarily helping people who are struggling with financial hardships. And that could be loss of job, loss of income, death in the family, hospital bills, veterinarian, anything that was physically oriented and you were struggling. We expanded and, you know, to what. So basically literally for anyone. So, you know, we just had a fundraiser over the last two months where a woman who's four year old daughter has cancer, and she raised forty thousand dollars. We also had a fundraiser for a band who was trying to record an album, and they raised, you know, eight thousand dollars. So, you know, the real. The how the platform, and that's what really kind of fascinates me most about the platform is that, before we actually limiting how people can use it, now there's no limit. We do not care how you use it. You use it however you want! You know, we're not judge, jury, and executioner. We're not here to judge anybody. People say, how do you know the intentions of people are legitimate? And it self-polices itself. Because people don't donate to people they don't really know.

Michael: Right. And, how much have you raised, or helped raise, for other people to date?

John: Several hundred thousand dollars. I don't have the exact number on me. But the first few years were really slow, because, you know, the (Unclear 1:29:12). We launched in 2007.

Michael: Okay,

John: It was right when the economy tanked. You know, tons of people needed help. Nobody wanted to give any help. And then about eighteen months ago is when. About a year to eighteen months ago we changed the positioning. We said anybody could use it for anything. It's grown about ten to fifteen X since then on a monthly basis. Last month we probably processed roughly, I'd say, fifty thousand dollars in donations. So, you know, a couple thousand dollars a day. We have hundreds, if not thousands, of projects on there. Every day, you know, we get dozens, if not a hundred or two, new fundraisers on there.

Michael: Do you have a staff that's just devoted to running this web site, and handling customer service issues and things like that?

John: It was bigger at one point, and then we scaled back a little bit because, you know, quite frankly, especially when I'm just funding it all and we're not charging anything. It's just money coming out of my pocket. And the accountants get tired of that after a while. What's so fascinating, we were almost at the cusp of self-sustainability. You know, we take a nominal fee. It depends on the cause. But basically five to ten percent depending on what you're raising money for. And you only pay it (Unclear 1:30:18). There's nothing upfront to use the platform. In fact, you don't even pay it. We take it out of how much we owe you, and then we send you how much you've raised. And we're just on the, you know, we're basically at the, almost at the point of self-sustainability. There's a webmaster who runs the technology platform. There's a community support administrator. One employee named Becky, who works out of her home in South Carolina. And basically my girlfriend. Jenna Weiner basically handles all of our partnerships, and outreach, and you know, you know, striking up new opportunities and things like that. She does a great job.

Michael: Great. Well, it seems like a fantastic charity in addition to your other philanthropic efforts. There's really too much for me to ask you in a one hour show, and I hate to even tell you John, we're close to an hour and a half.

John: Yeah, almost at two. Yeah.

Michael: We've got your Secret Millionaire. We've got your other investments. We touched upon Stiple.

John: There are two. Charities.

Michael: You know, I'm sorry to the audience who wanted to know more about everything that you've been into. But here's the final question John. You've experienced a business sale with a magnitude that only the rest of us can dream about. What advice do you have for entrepreneurs that are maybe sitting on some domain names, that are thinking about developing up their best domain name, that are looking at creating a business on their own? What one piece of advice do you have for them?

John: It's a great question. I think, you know, success is based on one. The bottom line is like, you've have to. If you want to be successful, if you want to go and kick ass, and you want to have a great return, one is, you have to be willing to commit yourself a thousand percent. And that means you cannot do anything half. [Whoops. Lost the video again.] You cannot just do. You can't be have pregnant, right? As the old saying goes. And not only you have to do something a hundred percent, you have to do it a thousand percent. If you recall, just earlier I was telling you, and you asked me, what was it like living in this college community, and you know, did I have work life balance. I didn't. I didn't have any outside, you know. It was all work. From the moment I woke up, I obsessed over it. I would wake up and I would obsess, and my friends would come over and say, 'Let's go out' or whatever. I'd say, 'No! I can't! I'm working!' You know, 'I'm working! I'm working!' So, you have to get yourself in that mindset. Two, you have to focus, and you have to pick a handful or even just one thing, you know. So if your dream is to go out and get ten thousand domain names, and you're going to develop all ten thousand, you're just, you're going to miss the mark. Buy one. And develop that one. And once you've had success with that one and you've taken it as far as you can get it or what have you, then go out and buy the next one. Or if you're going to be a buyer and seller of domain names, then just do that. Don't start thinking about, 'Oh. Great. Well, you know, how am I going to go out and develop one'. Because the second you get down that path, you're going to get distracted and you're going to deter yourself from being successful. So, you know, if I, in retrospect, if I look into what I think were some of the keys to my own personal success. It was again, this undying commitment. This is willingness, and desire, and commitment to, you know, just work non-stop relentlessly. And not to no for an answer. And not let setbacks drive you away. And, you know, all these things. And, you know, I was also very fortunate. You know, there's the book, Outliers by, I think, Malcolm Gladwell, and you know, there's some very key points about the most successful entrepreneurs in our time. That basically they all started their companies in their early twenties because they didn't have, you know, why. And why is it so important is because none of them were married. They didn't have families. They didn't have kids. Their tolerance for risk was their highest because they didn't have much to lose. And, you know, all these. And their energy was the highest. And their ability to commit all their time to it is the most, right? And, you know, imagine now. And look, I'm thirty-seven now. I have a wonderful girlfriend. But most of my friends are married, or gosh, some of them are already divorced. But the point is is that, you know, it's harder for them to make that same level of commitment today than it was for me fifteen years ago when I was twenty-two. And that's where, you know, the odds are stacked against them. It's just harder, you know. How do you go home from a full-time job, and then have a family, and kids to take care of after work, and then also launch a new business and be successful? It's just very challenging to them.

Michael: So if you do have constraints, like we all do right now, it's best to stay even more focused and plow all of your extra free time into that one thing to make it as great as possible.

John: Yeah. Yeah. You got it.

Michael: Alright. John Ferber, Chairman/Co-Founder of Domain Holdings at DomainHoldings.com. Thank you for being a Domain Sherpa, sharing your story, and helping others become successful domain name entrepreneurs.

John: Thank you Michael, and thank you Sherpas out there. It was a pleasure. And feel free to contact me, anybody, if you have any questions or opportunities. I'm always here.

Michael: Thanks John. Thank you all for watching.

John: Thanks.

Watch the full video at:
http://www.domainsherpa.com/john-ferber-domainholdings-interview/