*Welcome to the PublicBeta podcast. My name is Jack Kaufman and I’m interviewing successful entrepreneurs about how they found their first customers for their businesses. Check out our book at yourfirstcustomers.com to reserve your launch discount.*

*Today’s episode of the PublicBeta podcast is with Kelly Sutton, co-founder and CTO of LayerVault. LayerVault is a SaaS application that allows for simple version control for designers. In this episode, Kelly shares stories about how he found the first customers for LayerVault and gives some good tips that will help you find your businesses’ first customers. Here we go.*

Jack: Hi everyone! I’m really excited to be interviewing Kelly Sutton for PublicBeta today. Kelly is co-founder and CTO of LayerVault. Kelly, thanks so much for taking the time to speak with me and help share some of your experiences and advice.

Kelly: Hey, Jack. Thanks for having me.

Jack: No worries, no worries. So we can jump right in to the interview then. So my first question is can you tell us the story of how you found your first customers for LayerVault?

Kelly: Yeah, sure. Allen and I started LayerVault when we were—it’s kind of like a nights-and-weekend project while we were both employed at a company called Bliptv out here in New York. And we’d done a bunch of different side projects together and it kind of just struck us too that the world could use something very much like LayerVault because we were trying to get some Photoshop documents into Git and GitHub and it wasn’t cutting it. So we proceeded to kind of just put together a prototype of what eventually became LayerVault. Built it out, posted it to Designer News. Had like just pretty typically a landing page with an email sign-up list.

Jack: Yep.

Kelly: And collected I mean not that many emails. Maybe like a few thousand. And then once we were ready, we put it online. We put up a price tag and then we just started inviting people to use it off of that list. So you had to get on the list before you would be able to get an account to the service.

Jack: Okay. And did you, kind of just a follow-up, did you segment the launch to that list or did you kind of launch to the list a little bit at a time or did you kind of went first launching, send an email to the entire list?

Kelly: We actually segmented things to the list very much, and we would actually pluck people out of the list that we wanted to use it first. Obviously a lot of people in the list were just our friends or a lot of the people that we respected. So we kind of plucked them out, gave them advice first and let them kick the tires. And then once we got all of those people out of the list, then we just started doing like a few dozen people a day and then we worked up to about a hundred a day, and then one day we did just like the last thousand people or something.

Jack: Okay. Great. And were you funded or were you bootstrapping at the time you found your first customers?

Kelly: When we found our first customers, we were bootstrapping and we were pretty adamant about bootstrapping for the first year. And then we did go on to raise a small amount of capital, but we still maintained that bootstrapper spirit I guess as much as we can.

Jack: Great. Nice. Yeah, that’s a good spirit to have. Were your first customers paying you immediately when you kind of launched the product to that list or were they just users?

Kelly: So customers were on a 30 day trial. But in the beginning there were only paid accounts on LayerVault so you couldn’t sign up without a credit card. That was good and bad for a lot of reasons. And then we later went to a 60 day trial for a little while and got it back down to a 30 day trial which we have today.

Jack: Great, great. Are there any reasons in particular that you decided to kind of reduce the offers, bring the trial up to 60 days and then bring it back down to 30 days?

Kelly: Yeah. So with something like LayerVault, right, where you’re putting your design files or your company’s design files into it, we can create a fair amount of lock-in without being too evil genius about it, right? Like the more you use LayerVault, the more likely you are to come back and use LayerVault again. And so we thought 30 days was too short, so we tried bumping it up to 60 but that kind of had an interesting effect to the other direction which is you really need to keep track of if and when and why people cancel for your service. People aren’t going to cancel until like day 59 or day 60. And if you’re trying to iterate quickly, the 60 day trial isn’t a very good way to measure the reasons why people cancel. So we brought it back down to 30 days.

Jack: Interesting, interesting. What were some specific techniques that you guys use to find your first customers besides building up that list?

Kelly: I mean there are a lot of things that we could have tried but we consciously didn’t. We never took out ads. We never did any sort of promotions really. It really just started with our 10 friends and then that spread to a hundred friends and then it just kept growing from there. We kind of believe that something should be good enough that you shouldn’t get it advertised, that it should just spread on its own.

Jack: Yep. Great. And kind of building up that list on besides posting it to Designer News and sharing it with friends, did you do any kind of writing to kind of draw people to the list?

Kelly: Well, Designer News didn’t exist way back then.

Jack: Oh.

Kelly: Designer News would come way later. We posted it to Hacker News.

Jack: Oh. Hacker News. Okay, okay. That probably helped.

Kelly: Yeah. We didn’t do much. I mean we maintained a blog because a lot of people heard about us early on and then a lot of people just decided to keep tabs on us in a good way. A good heartbeat for a company is just like the frequency of their blog post, right? So if you look at our blog today, you’ll notice we’re constantly improving things, constantly iterating our customer feedback and so forth.

Jack: Great, great. And my last question is what’s your number one tip out there to prospective entrepreneurs about how they can find their first customers?

Kelly: Just like finding them like who they might be?

Jack: It could be finding them as in who they might be or acquiring the first customers.

Kelly: Your first customer should always be yourself. So like your second customers would probably be like a friend. You should make sure that everything that they say you listen to. Before you worry about getting I guess your third customer, you should make sure that your second customer is entirely happy if that’s within reason, right?

Jack: Yep.

Kelly: Yeah. And then just get them one at a time from then on out.

Jack: Great. That’s very good advice. So thank you again, Kelly, for taking the time to do this interview for PublicBeta and yeah we really appreciate your time and you sharing your advice and some tips and insights.

Kelly: Not a problem, Jack.

*Thanks for listening to the PublicBeta podcast. If you haven’t already done so, subscribe to the PublicBeta podcast on iTunes so you always get each new and awesome episode. Also, please consider leaving us a review in iTunes. We truly appreciate every single review. Thanks again and have a great day!*