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

*Today’s episode of the Entrepreneur’s Guide to Finding Your First Customers podcast is with Mitch Wainer, co-founder and CMO of DigitalOcean. DigitalOcean is a simple cloud hosting built for developers. In this episode, Mitch shares stories about how he found the first customers for DigitalOcean and gives some good tips that will help you find your business' first customers. Here we go.*

Jack: Hi everyone. I'm really excited to be interviewing Mitch Wainer, co-founder and CMO of DigitalOcean for the Entrepreneur's Guide to Finding Your First Customers. Mitch, thanks so much for taking the time to speak with me, help share some of your experiences and advice about how you guys found the first customers for DigitalOcean.

Mitch: Thanks so much for having me, Jack.

Jack: Yeah of course, of course. So we can jump right in to the interview. And my first question is, could you tell me the story of how you found your first customers for DigitalOcean?

Mitch: So DigitalOcean launched in early 2012, and we were very fortunate to land a demo opportunity at New York Tech Meetup, rather. New York Tech Meetup is a 700, 800-person meetup in New York City. There's investors. There's entrepreneurs, start-ups. So we presented on-stage and basically presented the DigitalOcean beta to the audience. And at the end of the presentation we gave away a 50-dollar-promo for anyone to sign up. So that's how we acquired our first 50 customers on DigitalOcean. And then we were fortunate enough to get into Techstars, the summer of 2012. At that time when we entered Techstars, we had 70 customers. So we went from 50 to 70.

Jack: Okay. Nice. And can you talk a little bit about what the process was like for presenting at the New York Tech Meetup? How did you guys kind of land that opportunity?

Mitch: So it was really just cold emailing Jessica Lawrence, who runs New York Tech Meetup and we basically pitched what we were building and how it would disrupt the market and how it's differentiated from other providers, other cloud providers. And we got accepted, and then, when we were onstage, we essentially walked through the product using a live demo of DigitalOcean. Actually logging in and taking everyone through how to launch your virtual server step by step.

Jack: Nice, nice. And so when you presented at the New York Tech Meetup, were you bootstrapping at the time? And then when you went to Techstars, you guys took some initial funding there?

Mitch: Yeah so we were actually very fortunate, our prior business was doing $5 million a year in revenue.

Jack: Oh wow.

Mitch: And that was a managed hosting company. So luckily we used that capital to incubate DigitalOcean. And that provided the capital for salaries, for marketing, for product development, so on and so forth. So really, that provided us essentially our first, let's say $500,000 of investment. We got into Techstars, we took some money from Techstars in the beginning, and that initial base of capital took us to the following year in 2013, July of 2013, where we closed our seed round with IA Ventures, which totaled $3.2 million.

Jack: Great. So the customers that you acquired at the New York Tech Meetup, you mentioned that you gave them a $50-promo, but after that expired or kind of ran out, were they paying you immediately, kind of, after that expired? And what was your business model at the time?

Mitch: Absolutely. So early on we gave a lot of free credits away. And what we found is that there's a 40% drop off, from users that stopped paying to use DigitalOcean, so about 60% stayed on. 60% we retained. And that was a proven strategy that we implement there across the board through all different channels not just presenting at conferences and events. But through online campaigns, through email marketing. It actually works quite well. So hopefully that answers your question.

Jack: Yeah yeah definitely, definitely. So kind of besides giving away free credits, initially, were there any other kind of strategies you used to get early customers?

Mitch: Absolutely. Content is super important for early start-ups to focus on. When we were building DigitalOcean early on, we thought how we can generate more organic traffic to the website. And one strategy that works really well is well first you have to understand who your customer is, right? You want to survey them. You want to understand the websites, the blogs they visit online, their hobbies, so on and so forth. And then, understanding what your customer searches for in a regular basis will provide you with a blueprint on what content you need to generate. So for us, we were targeting developers. So early on, we decided, hey let's create tutorials on how to install different languages and frameworks on all the Linux distributions that we provide in our cloud. So when we started to write these tutorials, we immediately saw a traction with organic traffic. Our search traffic started to increase. And when they hit the website, what we did is we then re-targeted those website visitors. So we knew that they were developers, that were here in our website because no one else would be searching how to install Ruby on Rails on Ubuntu, besides a developer. So solely over time as we began to build out these tutorials, we started to rank on the first page of Google for those search terms. And that really started to exponentially grow our audience and then our traffic, and then essentially our customer-growth.

Jack: Very nice, very nice. And is content marketing kind of driving people to your site by building up an audience and providing valuable content? Is that something you guys still focus on a lot today and have kind of kept up?

Mitch: Yup absolutely. So today we have over 800 tutorials on our website. We have a team of five in-house writers. And that team is growing substantially over the next six months. So it's a tried and true strategy so we're continuing to invest heavily in that department. So content marketing is super crucial. Also being able to optimize your content for search is also very important. So having some understanding of SEO tactics, optimizing your header tags, your title tags, so on and so forth, that's super crucial.

Jack: Okay great. And I just have one more main question which is, what's your number one tip out there to prospective entrepreneurs about how they can find the first customers for their businesses?

Mitch: So that's a good question. I would tell entrepreneurs that they need to hustle just like we did with New York Tech Day—New York Tech Meetup. Sorry I keep mixing them up.

Jack: That's all good.

Mitch: New York Tech Day by the way is a fantastic conference here in New York, New York Tech Meetup is a monthly meetup. So anyway, entrepreneurs need to hustle to find their first customers to be honest. And we call them early adopters, and those early adopters really provide you with the blueprint to scale your user-base. Because you understand like what they do, who they are, how did they come across your website. And I would recommend any entrepreneur that lands their first 10 50 customers to literally get on the phone with them, have a coffee date with them like sit down with them and actually ask them those questions. How did you hear about us? What are your hobbies? What are your favorite websites? What are your favorite blogs? Etcetera, that's a tried and true strategy that works great. You really need to understand your early adopters, your customer-base early on.

Jack: That's a great last tip. And with that, those are all the questions I have for the interview today. So thank you again Mitch for taking the time to share some of your stories, and your advice, and insights.

Mitch: Thank you so much Jack. Appreciate it.

Jack: No worries.

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