

IN **THE** KNOW

In the Know **Chris Lueck**

Chris Lueck: If you can improve conversions 1 percent by doing this another percent by doing this, right? Those tweaks add up and now you're talking about 20 30 percent improvement in conversions and that's dropping dollars to your bottom line.

Buckley Barlow: Hello, Hello and welcome to In the Know. This podcast is dedicated to all those listeners who want and need the best strategic and tactical advice on engineering growth and for season two it's all about digital commerce. Alright, buckle up. We'll see you on the inside.

Hello insiders. You are in the know and this is the digital e-commerce series. I am Buckley Barlow, your host and I am thrilled you're here with us today. On today's episode I'm excited to chat with my guest, Chris Lueck, CEO of FastSpring which is an ecommerce and subscription billing platform for SaaS software and digital content companies. Chris is gonna go into more detail into what FastSpring does. It's a fascinating business. But, I'm excited to learn more about the company. We're also gonna be discussing all things enhanced e-commerce. That's right, it's one thing to get your platform set up, but it's quite another to make the most out of your e-commerce solution and that backbone includes installing and tweaking Google analytics within your checkout process.

So, we're gonna talk GA as well and I'm excited to do that as well. So, we both have kind of a scratchy voice today. We've both been sick, but Chris non the less. Thanks so much for coming on today.

Chris Lueck: Yeah, Buckley, thanks for having me. I've been excited to participate here. So, I hope I can give your listeners a nugget or two of information that they find helpful.

Buckley Barlow: Well, let's see who lasts the longest in terms of voice.

Chris Lueck: Sounds good.

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Buckley Barlow: Hey, I'm excited to roll up the sleeves and dive into analytics with you and we'll get to that eventually. But, I'm really really excited because you have loads of transactional experience, but before we dive in why don't you catch us up to speed on your role over there at FastSpring, what you do day to day and that would be a good start.

Chris Lueck: yeah, so I'm the CEO and day to day it's promoting the company, talking to partners. I do a lot of recruiting. We are growing. We've doubled the business in the last three years and really starting to scale even more. So, I've spent an inordinate amount of time – more than I thought I would in the past recruiting.

Buckley Barlow: Good spot to be in though.

Chris Lueck: Yeah, and then investor relations between my Board of Directors and our investors, which I can touch on as well.

Buckley Barlow: Fantastic, Fantastic. Now, first things first Chris, I found it really interesting how much time had passed after the founding of the company before it actually brought in outside capital. And I know that it's been a while and we talked about it before I pressed record, but tell us a little bit about that because I think a lot of people say, hey if I don't raise money early you've missed the golden opportunity of raising capital. But, clearly FastSpring dispels that myth.

Chris Lueck: Absolutely, so FastSpring was started in 2005. There were four cofounders who they had experience in e-commerce having built previous generation e-commerce platforms and specifically for digital commerce, which I think of as e-commerce platforms that are selling digital goods or services. So, things like software or SaaS. And they saw a niche in the market that was not being served for SMB, small and medium sized businesses, that were selling these digital products and just there wasn't a good solution out there. So, that was the impetus for forming FastSpring. So, started in in '05. It went through the recession of 2008 and they were profitable almost from day one. It was a boot strap company and continued to grow it and in 2012 I connected with the founders.

They were looking to bring on a partner to continue in helping them to grow the company, so I had an investment group that I had formed and so I led an acquisition of the company that gave some liquidity to the founders, but also put a little bit more money into the

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company. But, again profitable so – which, is one of things that attracted me to joining FastSpring was that they had figured out the right business model and were able to build a sustaining business that again made it through one recession and as I kind of think about where we are in terms of the economy and we've been in a long expansion period here. By all accounts, we're probably due for a correction.

So, where I look at it we're a SaaS company and we're profitable so I feel very good about where we stand and we continue to grow. But, like that's one of the things I would like to make sure your listeners are thinking about is if they are choosing an e-commerce solution that is SaaS based that there's been lots of companies been started in the last few years and quite a few of those are probably not cash flow positive. Yeah, so if we hit it on a downturn, are they gonna make it?

And are you gonna wake up one night and is your – is the e-commerce solution you're using – a lights gonna go out and you're not gonna have anyone to process transactions for you. Yeah, you look at FastSpring we've got a great business that we've built and it is a steady business and sustainable business and we are continuing to improve in all areas, both growth and balance sheet. So, it's been such a ride.

Buckley Barlow: Yeah, that's fantastic. Very interesting experience you've had there and so tell us about FastSpring. Who are your clients? What do you do for them? And help us get up to speed there.

Chris Lueck: Yeah, so for us we are provide four different components. So, there is the commerce solution, which is our SaaS offering that allows you to manage your online stores, do promotions, discounts, upsells, cross sells, kinda catalog management. There's the payment services, so the ability to accept payments in multiple currencies and multiple payment methods, multiple languages. And then there's merchant services, so because – So, our business model, we are a reseller of our customer's products and services.

So, an end consumer who is buying one of our customer's products, they are buying it from FastSpring who is the merchant of record on that transaction. So, they pay FastSpring, FastSpring received the money and then we basically pay the – We're kinda buying these products wholesale from our customers and then we're reselling to

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them to end consumers. So, we then will settle our customer's funds to them after transaction completes. So, commerce services, payment services, merchant services, and then also marketing services. So, things like an affiliate system that helps our customers to further grow their revenue. Which is another value add that we provide. So, really looking at ways that we can help our customers to grow.

And so our operating model, we take a percentage of each transaction processed through out platform and we look at – it's value based pricing because we wanna show value to our customers whose products that we're selling and help them to grow. So, if they do grow their revenue, we're basically aligned in finance there.

Buckley Barlow: Well, that is a big big robust company that you have there. Can you name a client that you have that uses your system?

Chris Lueck: Sure, so one of our customers is a company called MacPaw, M – A – C – P – A – W and they make Mac and a few Windows products. So, their biggest product is a product called CleanMyMac 3, which is a Mac utility product and it's – They're a great company, a great partner of ours and so they've been a long time FastSpring customer and so when you go through if you're buying one of their products, you are on their website and when you click buy now you go to a FastSpring order page to checkout. That's kind of how we work.

Buckley Barlow: Perfect, great. Great, now I think it's fair to say that you see a lot of complex transactions coming through your platform.

Chris Lueck: We do.

Buckley Barlow: How do you filter out the noise for FastSpring. What have you learned most about analyzing all of this customer data that you see?

Chris Lueck: Yeah, so Google has made tremendous strides for users with Google Universal Analytics and in particular the enhanced e-commerce offering that's part of Universal Analytics. And that's something that we see a lot of people aren't taking advantage of because the online shopping experience paradigm is changing and we're really helping to enable a new experience there. So, we've got a new product that we've launched that really puts more customizability into our customer's hand that they can develop the shopping experience that meets their type of business.

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And so, if it's – There could be a heavy kind of shopping cart experience where you're buying a couple products, you put them into the shopping cart and then you go to check out and you kinda go through the order flow of maybe entering your contact information and your payment details – we still support that. But, that replicated what buying on the real world and that's the e-commerce ball has been around for a long time.

But, if you're selling one product, you don't need a shopping cart, right? You should be able to just check out on that page and that's really what our product offers. It's the ability to kind of really light weight checkout. Super-fast, much higher conversions than what we've seen in the past. We've got customers that have seen upwards of 40 percent improvement in conversions by using a solution. And so a lot of that also comes through tweaking the checkout flow and using the enhanced e-commerce part of Google Analytics.

Buckley Barlow: Yeah, let's talk about this. It seems to me that a lot of companies don't fully use Google Analytics to their advantage and it's not that they don't want to, I think it's more they don't know how to. And then of course, maybe they don't have the team in place. Which one is it?

Chris Lueck: Yeah, I think it's – It could be both, right? Google Analytics knowledge is – that is a specialty. But, there's a lot of documentation that Google provides and it's just once you go through and take the time to understand the capabilities that they offer, maintaining it and kind of understanding what the data's telling you it's a lot easier. So, there's an investment to set it up, but once you set it up its powerful with the data that you get from it. So, for me like when we look at what Universal Analytics provides, it's one of the greatest things is the custom metrics and dimensions. So, metrics are values that you can capture during a session.

So, for instance, how many – like a number of accounts that maybe going through and then there's dimensions which are kind of a filter. So, if you look at it – If you're trying to analyze the data, so a metric would be the number – a number that you can segment by dimensions. So, for instance, dimensions might be like a gender or a type of account. Right, so if you wanna say, alright I've got – How many types of accounts for the family plan and how many were on the two pack plan, right?

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And so maybe someone that is buying – We’re seeing that more people buy the family plan when they’re coming from Europe or something like that. And so, knowing that data you can then promote the right campaign those people in Europe and try to upsell them to the family pack versus maybe you see something different in another region of the world or another country or maybe again by gender or whatever. But, it really helps you to optimize your business when you understand what the value you can glean from Google Analytics. And I mean, the best part is it’s all free.

Buckley Barlow: Yeah, now you had dropped the name Universal Analytics, which is fairly new. It’s been in beta for quite some time, so what’s the difference between Google Analytics and Universal?

Chris Lueck: Yeah, I mean so one of them is the custom metrics and dimensions that are enabled there. That and then also the ability to do the enhanced e-commerce. So, that really – The enhanced e-commerce gives you check out and shopping behavior that you wouldn’t have had before, so you can define steps in checkout such as – So, for us maybe it’s one step is entering a name, the next step is entering an email address, the next step is selecting a payment method, next step is entering payment details, and then the last step is clicking buy. And so you can accept all those different steps and then look and see are people falling out of the process at a particular step in that process – in the checkout experience? And then if so, why?

Buckley Barlow: Let’s kind of stop there for a second and talk about this behavior report because I think it’s a big deal because it will help you improve the content on your site on those product pages, right? I think that’s the most important thing is it will show you how visitors are reacting to it. I think that’s really cool as you had mentioned and then of course, what about the speed and load time of your pages? Which can have an effect on sales. How are you monitoring that on that behavior report?

Chris Lueck: Yeah, absolutely that’s a good question because it’s all about the user experience, right? And so if a page is taking a long time to load it’s just a terrible user experience and you can – you’ll see there can be a drop off in buying behavior. So, measuring load times and using – I mean, we use CDN, Content Distribution Networks, around the world so we can serve up local pages a lot faster than if it was all served – So, if someone in Europe is gonna get their order page

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served up from a CDN in Europe versus if it's all served up from the same CDN in North America. It's gonna take a lot longer for someone in Asia to load that page. So, I know that's getting a little bit more technical but –

Buckley Barlow: No, no I think it's important because we're getting more and more into this globalized world and we're selling a lot more online product all over the world and I think having a multi-currency and multi – just a global offering like you had mentioned, these are little tweaks that can translate into thousands, if not millions, of dollars.

Chris Lueck: Yeah, and that's a good point because if you can improve conversions 1 percent by doing and another percent by doing this, right? Those tweaks add up and now you're talking about 20 30 percent improvement in conversions and that's dropping dollars to your bottom line.

Buckley Barlow: Okay, Chris assume that I'm a CEO of a multi-product online business and I want to start instilling this data driven model or culture to help us make better decisions, how do you go about that? How do you go in and instill this data driven culture especially down to your CMO, then your CMO down to your other staff, and what are the right questions I should be asking of my team as we start to build this out?

Chris Lueck: Yeah, that is a great question. So, first of all I would think about what are the goals and the outcomes that you wanna achieve as an organization and so, part of it setting up comp plans that are aligned with those objectives and if moving to more of a data centric organization is part of that objective. How can you measure that? And I would say 1.) in either way – So, selecting solutions that provide some of that data to you, right? So, you can get started without having a specialist or without having someone who is just devoted to implementing and analyzing that. So, for instance, with FastSpring our platform is basically preconfigured with Google Analytics and so it makes it easier for someone to go in and understand their – what's happening on the checkout process when they're using FastSpring.

Buckley Barlow: Perfect, perfect so it's not like they have to go in and start understating all the –

Chris Lueck: They don't have to configure it themselves, that's correct.

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Buckley Barlow: That's great. That's great it's already part of it.

Chris Lueck: So, it certainly as they think about how can I further improve they're – it's pretty out of the box with us, but it is – That's a generic kind of set up, right? So, it at least lets you get started and kind of understanding what data's there and you can get your feet wet and as you better understand what the data's telling you, you can then try tweaking things on checkout process, on your website, and – again, at some point you'll – once you kind of understand what Google is telling you – what the analytics are telling you, you can dive in a little bit deeper and maybe create some custom metrics or custom dimensions that further slice and dice the data and really get you into those conversion improvements points.

Or even – I mean, small little things that increase .1 percent may not seem like a lot, right? But, if you do 20 of those little things you've got a 2 percent increase in conversion and then that's – it's really ultimately free money because those are sales you would have lost otherwise.

Buckley Barlow: That's right, that's right. Well, there's a lot of course ware out there. There's a lot of great blogs. A lot of videos on Google Analytics and how to understand them. We even have a great learning path over at beintheknow.co under data science with some fantastic learning path on how to get started for Google Analytics, but I think just knowing that there's a resource like FastSpring out there, knowing that if you wanna take it to the next level you're a global e-commerce solution, you have something like FastSpring at your disposal. That's great. Chris, I have to ask you, what is your favorite metric to track in Google Analytics and why? Come on, you gotta give it up. Just give it up.

Chris Lueck: It's a simple one, right? It's just conversions.

Buckley Barlow: Yeah, I knew. How did I know you were gonna say that?

Chris Lueck: Yeah.

Buckley Barlow: Yeah.

Chris Lueck: But, again with the enhanced e-commerce and with Universal Analytics you can look at different types of conversions and that's

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what's really powerful and really helps people to see significant growth in their business. And its just little things that without spending a ton of money on marketing and other efforts, those are the little things that you can do to gain significant growth.

Buckley Barlow: Alright, Chris well this is awesome stuff. So, before we launch into our final round of questions, I'd like to take a brief moment to thank our sponsor.

Hey insiders, hope you're enjoying this episode. Today it is brought to you by Audible.com. I love Audible. There's so many titles to choose from over there from your iPhone or Android. Whether it's *Crush It* by Gary Vaynerchuk or *Lean in* by Sheryl Sandberg, great books over there. Today you get a free audio book download and you can go to audibletrial.com/intheknow or you can go to show notes on this particular page, click on the big Audible graphic and it'll take you to the same place for that free audio book download and it's a 30-day free trial, so you gotta check it out. Alright, let's go back to the episode.

Alright, Chris we're back here. I gotta ask you this. I got a few questions. Out of all the mistakes you see people and organizations doing in digital commerce, what's the biggest mistake you see companies making, new or mature?

Chris Lueck: Yeah, I would say not being aware of tax regulations for were they're selling online. So, it's something that if you are selling – especially because you're selling digital products and services you can get a global reach fairly easily and so if you're selling into consumers in Europe, even if you're not based in Europe, you are required to collect that VAT, the valued added tax, in Europe and then, to remit to the proper authorities. Europe – The EU changed their regulations around that starting January 1st of 2015 and it's a little more complex and it's caused some heartache.

There's actually still ongoing Twitter hashtag about that mess because it's been big headache for people. So, understanding and even in the US people don't realize that states like Texas, regardless if you have no nexus there – meaning that you have no people or no ground or you physically go in there and make sales, if you're selling digital goods online to consumers in Texas there are regulations around collecting and remitting sales tax. So, that's probably the biggest reason that – the biggest mistake that we see.

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Buckley Barlow: I have to tell you, this is the first time I've ever heard this and it's obviously indicative of the business that you're in. So, that's very very insightful. Okay, on the flipside, what is the one tip that you recommend to anyone trying to grow their business online? I like what you have been able to do where you came in with a very unique acquisition structure and a capital raising structure and then all the sudden you've grown even more, you're scaling it. There's a lot to be learned from Chris. What is that number one tip when people come to you and say hey how do I grow a business online? What do you typically tell them?

Chris Lueck: Yeah, I would say a lot of it is 1.) making sure you have the right business model. So, if you are selling a product or service online, pricing it right. So many people price their products or services too low and we actually are working on a great case study with one of our customers who they had a product that was priced at \$29.99 and they raised it to \$39.99 and saw increased sales. They tried \$49.99 increased sales. \$69.99 still more sales. I think they went \$79.99 and they're up to \$99 on this product and they are making more money than before and it's just pricing correctly is a number one thing.

Buckley Barlow: Wow, that's interesting and is it a digital product then or an information product or a SaaS?

Chris Lueck: Yeah, it's called Sketch by a company called Bohemian Encoding and it's a fantastic product.

Buckley Barlow: Wow, that's fantastic.

Chris Lueck: It's a lighter weight version of Photoshop kind of and they probably – If they hear this they will cringe because that's probably not the right characterization. It's sort of – That's the way I look at it. It's a great product though.

Buckley Barlow: Well, we definitely have to have the insiders go and check Sketch out. We'll put it in the show notes for sure. Last question for you Chris, and I really appreciate you again taking the time, you're growing right now and you're obviously hiring and you're looking for people that will help you continue to grow, continue to scale. What are you looking for in their skill sets and why are looking for it at this stage?

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Chris Lueck: Yeah, DemandGen. So, we are looking for DemandGen marketer that can just help us further grow. That's one of the areas that I think a lot of online businesses are focusing on now and we're no exception. It is an important area that is really helps to fuel growth.

Buckley Barlow: And what kind of skill sets would you look in this DemandGen position? What are you looking for?

Chris Lueck: So, someone who has experience running a marketing automation system. So, at FastSpring we use HubSpot. Other companies are – there are solutions out there, Eloqua or Marketo are some of the heavier solutions. But, ACTON and others are a little bit lighter weight. So, having that experience running a marketing automation system would be key. Understanding the different types of campaigns that need to be run for a DemandGen program and how to measure those. So, going back to your earlier question around becoming data driven, so they kinda have to understand data and have to know how to measure things.

Buckley Barlow: That is fantastic. Well, Chris again, it's been fantastic chatting with you. Thank you so much for coming on. Insiders, if you wanna learn more about what Chris does over there at FastSpring, head over to FastSpring.com and also Chris has offered a free FastSpring t-shirt, which is cool by the way. He sent me one and I appreciate that and I'm gonna send you a gift in return.

Chris Lueck: Alright, thank you.

Buckley Barlow: All you have to do is simply mail marketing@fastspring.com and in the subject field type In the Know. Again, that's marketing@fastspring.com type in the subject field In the Know and you'll get your free FastSpring t-shirt. And you can find all the links that we talked about in the show notes section of Chris's episode at beintheknow.co on the digital commerce podcast page.

We appreciate you joining us for this episode of In the Know. You can find show notes, past episodes, and special giveaways for Insiders at beintheknow.co. Thanks again and we'll see you next Tuesday on Be In The Know.

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Duration: 26 minutes