

---

Eric Smith: Well, the biggest thing always, you have to get the product right and you've got to execute correctly. But the way you execute correctly is, you bring the right people in.

Interviewer: Hello, Insiders. And welcome to today's show. I'm so excited to have Eric Smith, the CTO of SilverVue on the line today. Thanks for coming on, my friend.

Eric Smith: It's nice to be here.

Interviewer: So today we're not going to be talking about SilverVue, although that new venture looks very, very promising. Today we're gonna talk about some older ventures, namely STSN which was later rebranded as iBAHN, and, most recently, Control4 which went public in 2013.

So, I'm gonna tee this interview up for our listeners because this is a really personal conversation that I'm gonna have with Eric. Because I had the fortunate experience to work with Eric as an early team member of STSN, which I mentioned was later rebranded to iBAHN. And it was one of the fastest growing companies in North America back in 2000, 2004 where revenues grew from \$51,000.00 to just over \$60 million in just over three years before I left. And it went on to produce a heck of a lot more revenue than that.

Eric was the co-founder and CTO of that company, both of those companies. And that's where we got a chance to meet, and we developed just an awesome friendship since that time. So, Eric, you already know this but the growth framework that I have used, that I write about, that I teach was rooted in that experience at iBAHN. It was an incredible ride and it was a wonderful experience. And I just want to thank you and will personally for an incredible opportunity. It was just awesome. So, thank you.

Eric Smith: Yeah, it was a lot of fun for all of us, I think.

Interviewer: Well, even if we didn't all become nine figure multi-millionaires and billionaires there, but it was an amazing experience. So, would you mind briefly sharing a quick snippet about you, your background, iBAHN and Control4; what those companies did, and then what, obviously, your role was in each of those companies?

---

Eric Smith: Yeah, I've been a startup guy since my earliest days. I started my first company in college and sold it just as I was graduating. And one of my little acclaims is I've never really worked for a company I didn't start. And that's just kind of been the way I was. And I was just fortunate enough to find a great business partner early on that kind of complimented me well. I can kind of do the sales bus/dev and product stuff and he can do the marketing, finance, and the kind of corporate development stuff. And it works really well.

Interviewer: Well, not only that, you know tech and engineering like the back of your hand.

Eric Smith: Yeah, I've been fortunate that I like to build products. And I've got the problem that engineers don't claim because they say I'm too much of a salesman. And the sales guys don't claim me because they say I'm too technical.

Interviewer: Well, in today's world, engineering and marketing are coming together. There's a synergy there is off the charts because of the two rules that we have. So, I actually think you're a perfect fit for what you do.

Eric Smith: Thanks.

Interviewer: Now, Eric, listen, there are a few people that I have in my Rolodex that have created back to back nine figure businesses. And you're one of those people. And I really want to dive into the specifics about those two companies that you built from zero to nine figures because I know that you're excellent at product positioning, product development, and you know exactly what the market wants. And so I love the story about how iBAHN pivoted from the initial business model to where it eventually ended. Would you mind starting there? Let's dive in right there.

Eric Smith: Yeah, in '95, we started a company called Phast; Phast with a PH. And that stands for Practical Home Automation Systems Technologies. And we had these great automated homes. And we ended up selling that to someone else in late '97. And we had strong non-compete agreements in any kind of consumer electronics.

And the one thing we noticed is if you watch old movies, when people would go stay at a hotel, staying at a hotel was kind of a

---

luxury experience. People would go to a hotel to be pampered and be treated well.

But our experience was we had these homes that were automated where instead of waking up to a loud alarm clock, the blinds opened and the lights came up and nice music came on. And we just enjoyed it. The temperature was what we liked, the entertainment system was what we liked. And we thought we should bring this to hotels. We could go and build a system just like we've done in the residential.

We can put it in hotels where based on your Marriot Awards ID or your Hilton Honors ID, it would know what temperature you like, what audio-video you like, how you like to wake up, what kind of music you like, and adapt to you. So, we developed a product that had thermostats and light switches and audio-visual stuff. And it was all wireless.

And we got an appointment with Marriot to actually demonstrate that to them. And we actually called the company Suite Technology Systems because it was technology systems for hotel suites. And so we set up in the Bethesda Marriot Suites right next to Marriot headquarters, basically installed the system in a room. And we had an appointment with Bill Marriot and his execs to come see it. And they came up to look at it.

And one element I left out earlier is, we needed a way to talk to all those wireless devices in the room. And because there's really kind of two choices there; there's a cable that comes into every single room for the TV and there's a phone wire that comes into every room. And that's really the only data connectivity, especially back in 1998, that existed in hotel rooms. And the cable was owned by the LargeNets and the On Demands of the world that do the pay-per-view systems. So it only charges the phone wire. So, we decided let's use a technology to get data up the phone wire so that we can just put a wireless transceiver in a box in the room that can talk to all the light switches and thermostats, and enabled this kind of hotel room of the future.

And we realized that the best way to do this was DSL. So, we decided, let's build DSL modems that do the wireless bridge to the other systems in the rooms and it will work. And then as an afterthought, we thought, "Well, wait a second. There's a DSL modem in the room. People are starting to put DSL in their homes

---

for Internet. We ought to make it so people could plug their laptops into that box and surf the Net.

Interviewer: That kind of was a secondary thought, though, right?

Eric Smith: Yeah, it was just an after-thought kind of is that would be a nice interesting thing. And so we put an Ethernet port on the front of the box even though we hadn't even developed any of that. We thought this is something we could talk about and you can charge \$9.95 for the Internet. So, we do the whole demo and it goes off flawlessly for Bill Marriot and his kind of executives.

And Bill just looks at us and says, "How much per room is this gonna be?" We said, "Well, somewhere between \$300.00 and \$500.00 depending how much you do." He goes, "There's no way we're spending \$300.00 to \$500.00 per room on our hotels. That's not gonna happen. That capital expense is not gonna happen. But if you can really make it so the Internet works in the room, high speed Internet, and we can charge them \$9.95 for that, we want that. As a matter of fact, we want you to install it in a hotel and let us take a look. Do the whole hotel." And then he left us.

Interviewer: And so everything you had prepped for at that point in time, you probably left that meeting going, "Hmm, that was interesting."

Eric Smith: Yeah, so all the stuff we had built he didn't want. And the thing that we had only mocked up, we hadn't even built the DSL part; we were just gonna do that later. The part that we had mocked up was what he wanted. And we had to very quickly build it because we had about eight weeks before we'd install a hotel, and we had done none of that development. And in the end, we pivoted the entire business model to that.

Interviewer: Well, it seemed like because of that contract, obviously, you had to come out of the gates just screaming and flying. And one of the things that sticks out for me was your people strategy. You hired the best and you pretty much got out of the way. Because the growth curve was just beginning. And I found that phenomenal because if you go back to that people strategy, every single one of us had this vested interest in the success of the company. And I feel like it was that vested interest that led to that growth, right?

And, yeah, you've got to have an awesome idea. Yeah, you've got to have Bill Marriot say, "Yeah, we want this instead of that." But

---

the people just love the story and would do remarkable things even outside of their department to make sure that customer had an amazing experience, which really fueled that growth. I've seen this repeated again and again with successful ventures. But you've done it twice already. How did you do this?

Eric Smith: Yeah, we decided at the very beginning we had to focus on getting the best people in place because that's really the only way you can grow a business. And we were just fortunate enough that it was a good time and we were a hot company and people were interested. I remember that phase; that you were there way before it, and we were grateful to get guys like you that just go off to a territory and run the thing. And we didn't have to worry about it anymore so we could focus on what's next and just putting the capital in place, and the production, and things like that.

I remember there was a phase where I think we were hiring 25 people a week that were coming in and going through training. And you just feel the energy. Everyone was thrilled to be there, everyone was excited, everyone understood it, everyone liked what we were doing, everyone got the whole thing. It was interesting because it was kind of the heyday of the Internet. This was right before the dotcom bubble. And everything about the Internet was hyped – decided that we were bringing Broadband to hotels.

I remember people stopping me in airports and knowing who I was and saying, "How did you come up with this? This is the coolest idea in the world." And I didn't even want to tell them it was kind of an accidental discovery.

Interviewer: Yeah, really. Well, I think it was great. Being a part of that growth curve taught everybody a huge lesson. But few people get an opportunity to be a part of any 500 fastest growing company and seeing that kind of revenue growth. And the people were just awesome. Here's what I'd like to know, Eric; because you've done this twice. When you start a company and you start getting traction, walk us through specific growth tactics that you've used to get that first \$10,000.00 and then go from \$10,000.00 to \$100,000.00 per month in revenue. And, of course, you get to eventually \$1 million in revenue and beyond. Walk us through some specific growth tactics that you've used.

Eric Smith: Well, the biggest thing always you have to get the product right and you've got to execute correctly. But the way you execute

---

correctly is you bring the right people in. And you've got to have people that can do their jobs without being babysat. And that's something I talk to a lot. I end up having a lot of people talk to me even at the really early stage. But I have a lot of people that are kind of middle stage that come to me and say, "We're at \$20 million a year in revenue and we're trying to growth, but we're running into all these problems. And it feels like we're thrashing all the time and we just can't seem to figure it out."

And that's what I usually tell them. I have a VC who started \$3 billion companies and was a big investor of mine in Control4. And one of the things he talks about is how going from zero all the way to even \$10 million a year isn't really that hard. As long as you have a decent product and you are of decent ability, you can make it happen. But going from \$10 million to \$100 million is just extraordinarily excruciatingly hard. Actually, \$100 million to \$1 billion is even easier than \$10 million to \$100 million. And he just talks about how that is.

And what I've seen is because if you don't have the right people in the right seats in the first place that could just do what they're supposed to do, and you haven't put the systems and processes in place that are necessary, things will fall apart. And here's what I mean by that; a single charismatic leader can bring in some workers that get things done and can kind of hold it together until you get to \$10 million, \$15 million, \$20 million, and kind of just out of his own sheer efforts make things work.

But when you start getting to that higher scale, if you don't have the systems and the processes in place along with the right people that can execute in those spots, everything falls apart. And I can't tell you how many companies I've looked at where it's absolutely happening where there's a product development guy that's trying to work on the next features to expand the product and get it bigger and he's got a roadmap. But there's a single stakeholder that maybe runs bus/dev that's constantly coming in with new ideas and he disrupts the development process. And let's say he's bull headed enough that he dominates the conversation and derails the process.

And two things; I had a product guy talk to me about something like that recently. And I said, "As long as you've got a good CEO that will respect the process and respect the approach then all you need to do is put in the system where you say, 'Heh, all the product

---

stakeholders are going to come to this meeting once a week, once every other week, once a month. I don't care what it is and agree on the product plan.”

And if anyone wants to change the product plan, they get to come in and propose their idea. And if the group decides to re-prioritize, that's fine. But you've got to have a CEO that will then discipline and be disciplined enough to hold that process in place and support that product manager guy. He's not a project manager, but a products group manager; like a VP of products, help him pull that in place.

And, again, the key is having the right people at the table that are willing to work together, that are capable of running their own group. Because, again, that one charismatic guy, when it gets to \$50 million to \$100 million, can't hold it together. He's got to be able to depend on that next level in his company.

Interviewer: Well, how about going from zero to, let's call it, \$100,000.00 a month? For a lot of people, that's just excruciatingly painful just getting that early traction going. For you, it's been a little bit of a different story because of the products, the venture capital that you've raised. But what advice would you give to those trying to grow from zero to \$10,000.00, \$50,000.00, \$100,000.00?

The reason I'm teeing this up is because you have a very specific formula for success that you've used. You really do marry traditional marketing strategies with new and innovative marketing strategies. Because I'm gonna add one more thing to your people and process. I'll add platforms. You've always had amazing platforms. But you also have a very specific formula when you launch a new company. And would you mind sharing that with us?

Eric Smith: Yeah, well, pretty much every business we've been in, we like trade shows. We think it's a way to get in front of the right people. And finding the right trade shows, and hopefully it depends on the industry you're in. There's a big national tradeshow if you're trying to sell something nationwide. And that's what I found in my businesses is – and then you go big or you go home, right? You really do something that impresses people.

I just launched SilverVue at a trade show. And we're a brand new company. It was our first launch. It's in a show where the biggest

---

booths are maybe 50 by 50. And we got a 40 by 30 booth right on a main aisle. We paid out the nose to get it and we built a big two story booth that we wanted people to see who we are. But then we back it up with a online social media integration viral-type marketing program on the backend so that there's all kinds of content available. So when they come and see us at the show, they can get the backup data also.

And then we even like to do interesting things just to get people's attention. At Control4, we were about to launch, we knew that in this industry we were going into, there were probably 50 to 100 luminaries, people that everyone looks up to. They've been there forever, everyone knows what they do, everyone listens to them. They teach classes at the show, they're the people everyone looks up to. And we invited them out for a sneak preview ahead of time. I put them up at a hotel in Park City. I wined them and dined them, showed them what we were doing. Because we wanted a buzz going before we went in.

And the other interesting thing we did is we even decided since we were talking about home automations, which has an interesting background in kind of retro-Jetsons and stuff, we decided to do a marketing campaign that played on that concept. Because the funny thing is back in the Jetsons, we would see home automation in practice in these cartoons. But it still didn't really exist when we were launching Control4. So, we actually decided to get View-Masters and a slide that told our message. And we sent it to the 1,000 most important people we thought of in that industry.

Interviewer: Oh, fantastic.

Eric Smith: So before they even came, we'd get them to come to our booth. But then when they came to our booth, we had all the stuff that directed them back to our social networking and our other properties we had on the Internet. And we got a lot of attention. Everyone knew who we were. And that's been our focus; is get out there and get everyone to know who we are. And hopefully you can generate interest.

Interviewer: Well, Eric, I hope people really appreciate the nuggets of wisdom that you're giving today because I think for the most part, even as Podcast will focus on a lot of the new digital marketing technologies that are out there, but if there's something working

---

offline and at an event or a trade show, or, heck, if door to door sales comes back as a marketing strategy, I want to highlight it.

Because what I think that you have shown is that, No. 1, you've got to go big or go home. And you're risking your own capital for this new venture which I find remarkable. And when you risk big, you gain big. But more importantly, you have a very specific formula of combining traditional amazing avenues and tactics, channels, and strategies along with these new digital strategies. I think it's smart. And I love having you as a mentor, by the way. I love that.

Now, a lot of people, Eric, will say for someone like you that's wickedly smart, you're wickedly motivated, you are always on the top of your game, a lot of people may think that a lot of things come easy for you, right? But that's not always been the case. You've told me of a few different stories where you've had to pivot so hard that sometimes your ego got crushed a little bit or you were so far off the beaten path that you thought for sure you were gonna fell. Help me understand some of those learning experiences that you've had.

Eric Smith:

Yeah, I tell people about this that there's been a spot, a moment, in every business I've started where I was absolutely certain we were going to fail. And I remember at Phast, I was sitting on this stairway, I can remember the exact spot I was sitting, in this warehouse where I'd gotten some news about a product that we were getting ready to launch and there was a big issue with it. And it wasn't going to do what we thought it was going to do. And it was a very big deal. And I just thought, "We're done."

I remember at iBAHN, we were installing the very first hotel in downtown Salt Lake City and we were told by the Marriot headquarters that they were going to have us do the install and then they were going to have the General Manager report back. And if the General Manager liked what we did, we were going to move forward. But if it didn't work very well, that would be it for us. And I have to tell you, we only had, like I talked about earlier, eight weeks to get from what we pivoted to this product to have it actually installed.

And it worked pretty well in the lab. But when we got in the hotel, we found all kinds of issues that we had not anticipated. And they were big issues like Cross-Duct on the wires. And I had to kind of

---

re-engineer the entire product. And I literally rewrote all the code for the DSL modems while we were onsite in that hotel. And to get it deployed, we had to go replace the chips in every room, which means a technician had to walk into every hotel room; knock, go in, unscrew the box, pull a chip out, put a new chip in, screw it back in, open up a tool on their laptop, program it, and then put it back and leave the room. And as we did iterations of fixing this, we ended up having to enter the rooms five times. We had to go back into all 530 rooms five times in a period of one week.

And I'm sitting up in a room on the sixteenth floor rewriting the code and testing, trying to get the stuff that works, and then deploying it to ten rooms and trying it and doing all of this. But it was a complete disaster.

And I remember a Friday morning; the big trade show we were getting ready for was going to be opening up the next day. And my family came up to visit me. And there was a mall attached to that hotel. And I was sitting down with them at the food court just trying to spend some time with my young kids. And I just remember sitting there going, "This has been the biggest disaster of my life." It's finally kind of working, but this General Manager's going to just butcher us when he talks back to headquarters because it's been awful.

And General Managers of hotels are very keen to the concept of disruption of their guests. They don't want to see that. And we'd had to redo it so many times. And at that point, I hadn't slept in four days. And I just remember thinking, "I should go home with my family and kick back and have a nice evening and sleep in." And I thought, "No, I've just got to push through it," which is what we've done every time. And we pushed through it and we found out – I went back and had a new idea of how to fix the problem. We did one more version of the firmware, we went out and pushed it to all the rooms, and it worked remarkably well. And the tradeshow thing went off well.

But I still was pretty sure we were in trouble because I knew that General Manager was gonna say, "Yeah, it worked. But, holy cow, it was a mess getting there." And I remember the day that he was gonna be talking to the VP of Room Operations back at Marriot headquarters, a guy named Dan Banchiu was his name. And Dan was then gonna call us and tell us how it went. And that

---

call comes in and we answer the phone. And we exchanged the regular pleasantries. And then Dan says, “Well, I talked to the GM of the hotel.” We said, “Yeah?” “And he says it was the most seamless integration of technology he’s ever seen in his entire career.”

Interviewer: You dropped your mouth, the phone, everything dropped I’m sure.

Eric Smith: I’m like, “Wow, was he in the same place I was? Because that was the biggest disaster of my life.” And we went on to do five more hotels that all went well. And as they did testing of us against some competitors that included the likes of AT&T and On Command Video, the big pay-per-view provider, and a big Microsoft sponsored company, they found the people were eight times more likely to get online when they used our system as the others based on some intellectual property we developed. And we won the Marriot Worldwide contract, which eventually led to the Hilton contract, and most of the major chains around the world.

Interviewer: Speaking about not getting sleep, I remember one time in particular, running into you, you in the hallway, and your eyes were so bloodshot. Do you remember this? And I said, “Eric, what is wrong with your eyes?” And you’re like, “I haven’t slept for days.”

Eric Smith: I literally went four days and didn’t sleep even one hour.

Interviewer: Well, and here’s the testament. I love the grit and the determination. You were a great example to everybody. So was Will. We all knew it. Again, going back to this thing I call story-vest. And we were so vested in the story; we were willing to do amazing things.

For me, I remember one time in particular, we had a conference room that was booked out and we had major problems. And I remember talking with you on the phone. And I was in the telco closet of the basement of, I believe, a Marriot hotel. I forget which one I was in. And I stayed down there all through the night trying to work through that problem. But that’s the kind of vested interest you want out of an employee, out of someone that’s going to help you grow your business. That’s what you want. And I’ll tell you, it left a major impact with me.

---

Eric Smith: We had it so strongly that – I don't know if you remember that, but we were installing 50 hotels a month. And that was funded mostly by VCs. And we were gearing up for our IPO. We had Lehman drafting our S1. And we were getting ready to go public to raise more money to install more hotels essentially. And then, all of a sudden, the telecom market kind of fell apart. And so we knew we weren't going to do an IPO. And so we had to slow down our installs and we had to slow down our cash burn. And so we had to do a pretty big layoff. We had maybe 700 people at the time.

Interviewer: Yeah, I remember that.

Eric Smith: We laid-off 300. But the interesting thing about that was the people being laid-off were so vested in the story that their attitude wasn't upset at being let go, but more of a, "Heh, the rest of you guys are staying here. Fight the good fight so my stock will be worth something."

Interviewer: That's right, that's right, yup. And when I say vested, Eric, everybody thinks that it's just a financial interest. But when I say vested to people, it's about having an emotional connection to want to see that brand, that company succeed because there's such a heartfelt belief in that story. And, yes, there is a financial connection there. But that's not what made me sleep in the basement of a hotel in a telco closet. It's because I really wanted to make that customer experience come across as flawless, perfect.

Well, listen Eric, those are great. So, much information here. I think anybody would walk away from this interview and this conversation going, "Wow, I could put so many different things to work immediately." One thing that I ask everybody and I know that Will usually handles this, your partner, Will West, but I would love your perspective on it. But if you were to hire one person today in your growth or marketing department, what would you be looking for and why?

Eric Smith: Well, they've got to be good at just understanding the product and articulating what it is and what it needs to be. And they've got to be good at all the traditional stuff like leveraging PR to get lower cost exposure and things like that. But I really want someone who can deal with all the new media and deal with all the new things. There's so many new ways to promote your product and to get it out there, get people to know about it beyond the traditional stuff.

---

And that's a challenge right now, right, is if you have someone who's got kind of the wisdom of the ages and knows stuff, they're not as good at the new stuff. And it's often hard to find someone who's got both the time under their belt, essentially, that they knew the old stuff, but also can deal with this new world that changes so fast, especially if you're marketing to youth. Where they're at, what they're looking at, and what they're paying attention to changes every six months. And being able to stay on top of that and understand that and understand how that works is really important. Or at least knowing how to hire the right people that can then make that work and make sure it's a priority.

Interviewer: That's great. Now, final question that I have for you; what is the best growth or marketing tip or piece of advice – and I've probably asked this a million times from you on various occasions. But what is the best advice that you have ever received when it comes to growing a business or marketing a business to leverage growth that you would give our insiders?

Eric Smith: Get the product right. Just figure out what the right product is and make sure it's what people actually want. And you do that lots of ways. There's kind of this new lean startup methodology which is you build a quick sort of concept and make sure people like it. But it's get the product right, make sure it's something people actually want, and move it forward. I remember a guy coming to a class at BYU. And to get a lot of people to the class, he titled the class How to Make a Million Dollars.

Interviewer: Catchy.

Eric Smith: And it was a lecture. So, we walked into the room and he says, "So, you're all here because you want to know," – it was the busiest lecture of the semester. And he says, "So, you all want to know how to make \$1 million really fast. Well, what's the average exit salary from a BYU computer science major today?"

And at the time, it was \$35,000.00. And he goes, "And what's the average raise that you get every year?" And someone said, "Four percent." So, he quickly did some math there and he said, "So, yeah, if you do that and you do the raises," and he did the log rhythm there and he calculated it out. And he said, "Yes, so get a job at \$35,000.00 a year, earn four percent in a raise every year, and work for 16 years. There you go. Do that."

---

And he goes, “Oh, heh, you want to make it fast?” And he goes, “Well, that’s really easy too. It’s simple, super-simple. Build a product that people want to buy, that you can make and sell for a profit, and then sell a lot of it.”

Interviewer: It seems like common sense, doesn’t it? And yet it’s so much more difficult in practical application.

Eric Smith: It is so much more difficult in practice. But if you get the product right and then you get the right people in the right seats and you figure out a way to get the people to know about it, it tends to come together. And if it doesn’t come together, it’s because you didn’t do one of those things right. You got the product wrong, which is the most common problem. People build the wrong product.

Interviewer: Yeah, that is perfect advice. And, Eric, I know you’re a very, very busy guy. You’re traveling all over the world. But I can’t thank you enough for coming on today. It’s always insightful and fun to talk to you. And you know this, but you’ve been very instrumental in my professional career, and I really appreciate it.

Eric Smith: It’s been a privilege to be associated with you too.

Interviewer: Now if you’d like to learn more about Eric Smith, you can go to [silverview.com](http://silverview.com). And that’s silver V-U-E. And check out his new venture. Again, thanks a lot Eric. Until next time.

Eric Smith: All right. Thanks and bye.

**[End of Audio]**

**Duration: 29 minutes**