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In the Know Gleb Budman

Gleb Budman: One thing you hear sometimes is, don't write about yourself, write about your customers. I think that's half correct. A lot of the value you can bring as a company comes from knowledge you have by running the company. But it has to be about things that are interesting to your customers.

Buckley: Hello, hello, and welcome to *In the Know*. This podcast is dedicated to all of those listeners who want and need the best strategic and tactical advice on engineering growth. For season two, it's all about digital commerce. All right. Buckle up. We'll see you on the inside.

Hey, insiders. This is Buckley and it's time to get you in the know. You're listening to the digital commerce series and I'm so glad you're here. Today, I'm really excited to talk to Gleb Budman of Backblaze, who is here to share with us how a digital commerce company like Backblaze – which sells cloud storage – drives a million people to its blog. Yeah, you heard that right. A cloud storage company. One million visitors per month. If you were a digital commerce company selling intangibles or tangibles, you're going to learn how a content marketing strategy can really help propel your business. Today, you're going to find out exactly how Backblaze did it and how effective it has been.

All right, hello again, insiders. Here with us today is Gleb Budman, cofounder of Backblaze. Gleb, it is fantastic to have you on *In the Know* today. Thanks for joining us.

Gleb Budman: Thanks for having me.

Buckley: So Gleb – cool name, by the way. You've got to talk to me about that. Is that a family name? How the heck did you get that?

Gleb Budman: I was actually born Alex and my mom's best friend was there and looked at me when I was a baby and said, "You know, he doesn't look like an Alex. He's like a Gleb."

Buckley: So how did she choose Gleb?

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Gleb Budman: She had a relative named Gleb and she thought that I, in some way, reminded her of him. But Gleb's not a common name in the US. I was born in Russia, but it's not a common in Russia, either. I've met a couple of Glebs in my life, but not many.

Buckley: Well, look at my name. Buckley. I mean, geez. I don't know what my parents were thinking. Well, Gleb, where are you based out of?

Gleb Budman: We're based out of San Mateo, which is just about 20 minutes south of San Francisco.

Buckley: All right, Gleb. If you've ever listened to our other episodes, we don't beat around the bush here at *In the Know*. This is a bite-sized podcast, so I say let's just jump right in. Are you okay with that?

Gleb Budman: Let's do it.

Buckley: Gleb, give us a primer on Backblaze and then tell us what you do day-to-day. I'd love to know.

Gleb Budman: Backblaze is a cloud storage and backup company. For the last eight years, we've been doing five-dollar a month totally unlimited online backup. So we just backup your laptop or desktop and you don't have to worry about anything. You enter an email and a password, you click start, and that's it. We make a copy of all of your data from your computer in the cloud and then you can get it back either by downloading it, on your phone, or we'll even FedEx you a hard drive with all of your data on it.

Buckley: Cool.

Gleb Budman: So that's what we've been doing for the last eight years. And then just recently, we launched a serviced called B2 Cloud Storage. It's another service from Backblaze. That one is not a backup service. That one is an actual storage service. So if you're an individual you can store files there. If you're a developer or an IT person, you can build applications on top of it or use it to store data for your company.

Buckley: What do you do day-to-day over there?

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Gleb Budman: I run the company. I'm one of the cofounders and the CEO of the company. That means I do everything from strategy to taking out the trash.

Buckley: It suffices to say you just do everything, don't you?

Gleb Budman: Yeah. We're still a small enough company that we wear multiple hats. I spend a lot of my time on marketing, but I also spend a fairly significant chunk of my time talking to customers, thinking about the product and ways to improve, and everything from operations to HR to a little bit of finance to figuring out what we're going to do with the trash today. There are about 40-45 people who work at the company, but we still wear multiple hats.

Buckley: I definitely have been in your shoes many a time. I'm sitting here wondering how on earth you guys compete against these large, well-funded, ubiquitous brands like Dropbox.

Gleb Budman: That's a great question. A lot of people think what we offer is the same thing as what a Dropbox or an iCloud offers. I actually use Dropbox and iCloud and Google Drive and Backblaze all on my computer. I do that because they serve different purposes. I use Dropbox because it's a great application for syncing files between devices and sharing files with other people. I use iCloud because it's the best way of getting my photos off of my phone and into the cloud – but it doesn't actually back up my computer.

Backblaze actually backs up the whole computer, which Dropbox, iCloud, not Google Drive do. All of those services, you have to pick a folder and it'll just store that. So they are different services. As far as competing with them, we're the only ones of them that actually offer a completely unlimited amount of storage and backup for five bucks a month. So there are various ways we get the message out about that, but from an offering perspective it's actually a competitive and different offering.

Buckley: Talk to me about this. It's very interesting. So you back up all the applications as well?

Gleb Budman: We don't back up apps. We back up all the data. Rather than saying, "You tell us what you want to back up," by default we back up every single file on your computer unless it has been explicitly excluded

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either by you or by us. And the only things that we exclude are the applications and the operating system.

Buckley: I'd love to know what retention is like in your space. When someone signs up for Backblaze, what kind of retention numbers are you seeing?

Gleb Budman: When someone starts a free trial of the service, about 70 percent of the people that try the service buy it. As soon as people actually try it, they tend to like it and stick. In terms of year over year, people renew at about an 88-89 percent rate.

Buckley: That's fantastic. Obviously, even having you come on this podcast, I really thought that you competed against Dropbox. It's actually nice to know there's an offer out there that can take everything on my laptop or desktop and back it up. We have to get that word out there for you, my friend.

Gleb Budman: I appreciate it. But from a marketer's perspective, it is interesting. Even though the products are different, just like you were confused, many people are. So it takes up a certain mind share and positioning is all about the place inside of someone's head, not what the product itself does. So from a positioning perspective, it is hard to explain that these are different products without having some amount of conversation.

Buckley: Yeah, I can see that. That's good stuff. That's going to segue into our next topic. I want to get the insiders in the know on how a company like yours drives so much traffic to your site. You have roughly one million visitors coming to your site, right?

Gleb Budman: We have about a million visitors that read some of our more popular blog posts.

Buckley: For business owners or marketers tasked with growing a business, especially through content marketing, who may think, "We don't really have a business that lends itself to content or inbound marketing" – especially if they're a digital commerce company, Gleb, I think you're going to dispel that though.

Gleb Budman: Backblaze is in the backup space. Backup is not sexy. If we can come up with content that people like to read, I think you can do it in pretty much any field.

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Buckley: I would love to go through your content marketing strategy. I think this is going to be a fantastic case study for so many different people out there tasked with growth and wondering how to get started. I'd love you to take us through the strategy and how it fits in the overall growth framework of Backblaze. I think a lot of companies don't know where to start when it comes to setting up a content marketing strategy and then executing on it until it actually pays off. Would you mind walking us through how you set up this blog and the strategy, and how you've been able to get these kinds of numbers.

Gleb Budman: Sure. I would say we had all of this brilliant strategy on day one, but the reality is we learned over time. Some of it was luck and some of it was muddling through. I think we now have a pretty good sense and process for this, but it took a while. Early on, I started blogging when we started the company, about eight years ago. At the time, there wasn't even a conversation about content marketing. It was just, "Oh, this blog's out there." Frankly, I started writing things on our blog that I thought were somewhat interesting and related to backup.

If someone had a data loss scenario or something happened in the general backup industry, I wrote something about it. For a while, literally, my mom and I were probably the only ones that read the blog posts. But I kind of kept doing that and little by little people started reading it. Frankly, not a lot of traffic was there. But then in 2009 we wrote this blog post that a million people read. That was probably more people than had read all of the blog posts combined that we had ever written.

So for about a year and a half at that point, we had been running this five dollar a month, unlimited backup service. We had a lot of people that were dubious about how we were doing that. They would say it was impossible. "Backblaze can't possibly have a five dollar a month, unlimited service. I've done the math and they have to be losing money on that. So that means they've either raised a bunch of venture funding and they're burning through cash or they're selling my data on the backend or some other nefarious thing going on. There's no way it's possible."

The reality was that we were running a profitable business at that point because we had designed our own servers and cloud storage. But no one knew that and we had kept it under wraps. It was part of

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the secret sauce of doing this. We decided we wanted to share a little bit about that, so we started thinking about writing a blog post about these storage pods – the server hardware that we designed. Initially, we thought we would just talk about the fact that we’re doing this. And then we thought that was a little bit boring, so we thought we would share a little bit about how we designed it.

But then we thought people were going to say they didn’t believe it actually works. So it evolved until we decided to publish everything about this storage pod, open it up, and even open source the design. My wife is a lawyer and when I said we were going to do this, she said, “Are you crazy? You’re going to give away this valuable intellectual property?”

Buckley: She seemed like the sane person, right?

Gleb Budman: She definitely seemed like the sane person. She was definitely in the majority in terms of the viewpoint people had. But we talked about it and said the most likely scenario as a startup is that no one hears about you and you go out of business because no one knows that you’re even there. So if this helps us get some more awareness out there, that would be great. We iterated on this blog post quite a bit. We literally spent weeks working on it. It was pages long. It was very meaty. We published the designs, the specs, the price lists, and the comparison with other services.

We really tried to craft this blog post that was really went into a lot of technical depth for those people who really wanted to dig in, but was also sufficiently easy to read and understand with graphics and charts that your average person with just a tiny bit of interest in technology could grasp. If we had simply put that blog post on our blog – our blog at the time had almost zero traffic. So yes, some people would read it and some people would probably share it, but it wouldn’t have had a kick to it.

So we decided we would pitch the press on this blog post. We didn’t really have much in the way of press connections. A chunk of what I spent time on at the time was finding the right people in the press, reaching out to them, and under embargo pitching them about this blog post.

Buckley: For those who don’t understand embargo, would you explain it?

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Gleb Budman: Sure. Under embargo means we talk to the press and say that we are going to announce this thing on a specific date and time and we want to give them a look ahead of time so they can understand it, ask questions, write an article if it's interesting to them, and be all ready for the moment the embargo lifts – which is the day that we publish the blog post. Then, they're all ready.

Buckley: That's great. What's the name of the post?

Gleb Budman: If you Google for Backblaze storage pod you'll find it. The name of the post was actually something we worked on a little bit. We called it Petabytes on a Budget: How to Build Cheap Cloud Storage. There were various elements that went into the success of that particular blog post. It was the fact that it was shocking. Most people were shocked by the low cost of it. They didn't believe that was possible. People were shocked that we were giving away this intellectual property.

Buckley: I think that's a big takeaway for me. You are able to share so much information. Obviously, it was valuable not only to a bunch of users but also possibly your competitors. That was a risky bet.

Gleb Budman: It was a somewhat risky bet, but we figured the riskier bet was to do nothing and stay under the radar. We had done press around product launches before and usually we saw that the first day we would get 100 percent traffic. The second day you would get maybe 50 percent as much. The third day, maybe 25 percent as much and then it would just peter off. We expected that would happen on this storage pod blog post. On the first day we would get however much it was at 100 percent and then it would tail off through the week.

Instead, the first day we had about a quarter of a million people read that blogpost, which was an astoundingly large number for us. Almost all of that came from all of the press that wrote about this storage pod blog post.

Buckley: What kinds of sites were they coming from?

Gleb Budman: They were a lot of techie-type sites – Arstechnica, Techcrunch, and those types of sites that write about technology specifically. *Computer World*, Gigaom, *Fortune*. We expected the next day maybe 100,000 people would read it. Instead, the second day about a half a million people read that blog post. It had received so much

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press that it ended up rocketing to the top of all the social sites. It was on the top of Hacker News and Slashdot and Reddit. At that point, I think Digg was still around and popular and it was top on Digg.

It turned out those social sites drove more traffic than all of the press combined, but it required the press to kick start that awareness. By the end of that week, about a million people had read that one blog post. We were thinking that was fantastic, but it took two years to build that storage pod. Now we had said everything there was to say about it so we were done. Maybe in a couple of years we could write another blog post that meaningful.

I've realized after doing this for eight years, there is a lot you can write and a lot of people who will be interested in reading it if you find the right audience and share the right content. But it took us awhile to figure that out. So we started looking at the comments people posted on the blog. People post a lot of questions, especially on the popular blog posts. If there are enough people interested in a specific area or topic, we think about writing a blog post about that question and digging deeper into that one particular area.

Buckley:

That is something I love doing as well. Finding what people's needs are and questions are in the comments is the best way to actually find content to write about. Gleb, you drove tons of traffic. Are you willing to share how well that blog post paid off for Backblaze and how that set things in motion or the remaining content and strategy moving forward?

Gleb Budman:

Sure. The blog post was about the storage pod. It wasn't about our unlimited backup service. So the people reading it were not a direct, obvious conversion. It wasn't the kind of thing where someone said, "Oh, this is really interesting. I'm reading about this massive storage server. I need to sign up for Backblaze unlimited backup." They were somewhat related because it was storage, but it wasn't the direct fit. But nonetheless, with a million people reading the blog post, we had about 1,000 people who signed up for the Backblaze unlimited backup service.

For us, at the time, that was a tremendous wild success. It was the biggest month we had ever had in the history of the company. The conversion rate was a small fraction of the people who read the blog post, actually took action – but it was on a sufficient scale that it

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mattered. I wish at the time we did what we do now. We collect people's email addresses on the blog post. Today, we have an email collection form that's obvious, easy to see, has a good call to action, and sometimes provides some extra bonus content or other value for other blog posts.

But at that point, people came, read, and left. So we've improved that over time. We also started trying to figure out how to get into a rhythm of writing content. Everybody had a job to do and writing the blog content wasn't one of them. No one was dedicated as being the person responsible for putting good content on the blog. So periodically, once in a while, someone would have a good idea and then we'd say, "Who has time to write this?" We'd look around the room and try to pick somebody and then maybe when they got around to it outside of their normal job, they'd write something.

Buckley: That's funny. I know that feeling.

Gleb Budman: It's hard to get around to it if it's not something you do on a regular basis. We worked the creative process. Now we run the blog almost the way a publishing house runs a magazine. We have a weekly editorial meeting. We use Trello, an organizational tool that's web-based. We create four different categories on the Trello board, one for each category of types of blog posts we write about on our blog.

We write about cloud storage, entrepreneurship, backing up itself – so we have a category for each and a section for brainstorm ideas. We have another section that is assigned to someone and then another category for the blogs that are a go. They have a date, a person, a topic, and is scheduled for the blog. We weekly review this editorial calendar and make sure we're making progress on getting good content up on the blog.

Buckley: So you've really honed in on this content marketing strategy. It obviously is paying off for you, because you're still driving traffic even today at a high rate. Would you say that this content marketing strategy is the backbone of the leads you're getting or is it part of the marketing mix?

Gleb Budman: It is one of the most important parts of the marketing mix. It's not the only one, certainly. It provides a tremendous amount of air cover. When we're doing advertising or partnerships or affiliates; a lot of the people that come in say, "I clicked on your ad, but I'd

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heard about you before because I read your blog posts.” There is a nice halo effect that has come from people reading the blogs. No matter how much advertising we did, I don’t think we would be able to achieve, because people feel that the company is more human. It’s not just a cold corporation.

They appreciate that we are open and we share information. One of the things people kept asking us for was – they said, “Look, Backblaze. You have all of these hard drives in your data center. Thousands and thousands of them. You probably know which ones are good and bad. Tell us.” We looked around online and it was amazing. There was literally no good source of statistical data on what hard drives are the most reliable. There are a lot of people that will review a hard drive on Amazon and say, “Well, I had a bad experience with this one drive,” but it’s not statistical.

So we actually analyzed all of the drives and wrote up a blog post that said, based on looking at 25,000 hard drives, here are the reliability statistics on all of these hard drives. That blog post – about a million people read that post on our blog. But then it was also copied onto all sorts of other press and blog sites, and several million people read that.

So one of the things we’ve done is continue to publish updates to that. Once a quarter, we publish a hard drive statistics update and that continues to get a lot of traffic. It is one of the things that is a backbone component of the marketing mix for us.

Buckley:

That’s awesome stuff. There are so many takeaways from this particular case study. Again, if you are a business out there and you don’t think that content marketing would work for you, you really need to think twice – especially, if you’re in digital commerce. This season is about digital commerce. Whether you sell an intangible product like Backblaze, or are selling something online, it doesn’t matter. Content marketing can be so powerful to fuel your growth.

Before we launch into our final round of questions, I’d like to take 30 seconds to thank our sponsor.

I do need to say thank you to our sponsor of this episode, TurboPodcast.com. If you are even thinking about getting involved in a podcast, these guys are consummate experts at what they do, from the recording to the production to even brainstorming. Joe and

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Bryce and the team over there at TurboPodcast.com are fantastic, they're amazing to work with, they're in my opinion second to none. Again, TurboPodcast.com.

So let's talk mistakes. What's the biggest mistake you see companies making in digital commerce today?

Gleb Budman: One of the areas I see people making mistakes in is the content they publish is stuff about them and not about things that are interesting to their potential audience. We've made this mistake before, so I speak from some amount of experience. One thing you hear sometimes is, don't write about yourself, write about your customers. I think that's half correct. A lot of the value you can bring as a company comes from knowledge you have by running the company. But it has to be about things that are interesting to your customers.

In our case, the fact that we publish drive statistics is about Backblaze. We have the information because it's about our company, but the topic is something that is specifically interesting to other people. A lot of companies just want to say, "Hey, we have this great new product," and it's not something that people want to hear about for the most part. You need someone who really wants to be a writer, cares about the audience, and has a solid understanding of the content. It's hard to outsource that. You can do it with the right people, processes, and attention, but a lot of times it has to start with someone who is passionate about it inside the company itself.

Buckley: Another question we always ask our guests is, if you were to hire someone today to help grow Backblaze into the future, who would you be looking for and why? What is the most valuable combination of skill sets that someone could bring to Backblaze today?

Gleb Budman: I still would love to find someone who is – in a traditional, old school sense, they were called product marketing. But the product marketing world has evolved and it's somewhere that's halfway between a product marketer and a growth hacker and a writer. This is probably a unicorn, but it's someone who can understand the product and the technology well enough to be accurate about it but also understand the customers well enough to communicate and write about it in a way that is meaningful and talks to them.

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I talk to the company about, if you read the *New York Times*, the headlines manage to be compelling, interesting, and yet explain what you're going to read. They manage to pull all of that off in something like four words. It's an astounding skill set. They do that day in and day out across a whole variety of different topics. I feel like someone who could do that with all of our content – website, blog, newsletters, emails – and could come in and say, “I really understand your product. I understand what resonates and why people care. I understand what you want to say. I'm going to do that in short, concise, compelling way.” That would be incredible for us.

Buckley: And have some technical chops to bear as well, huh?

Gleb Budman: Um-hum.

Buckley: Fantastic information, Gleb. Thanks so much for coming on. You're a stud and I really enjoyed it.

Gleb Budman: Thanks a lot. It was fun.

Buckley: Insiders, if you want to know more about Backblaze, take advantage of their free trial. Head on over the backblaze.com/intheknow. Gleb, what are they going to get there when they visit your site with that particular URL?

Gleb Budman: They will get a two-week, completely free, completely unlimited trial of the online backup service. They can also get, if they click to the B2 Cloud Storage, 10 gigs of free storage for whatever they want to put up there.

Buckley: That's awesome. We'll also put all of the show notes and links and the same offer on the show notes of Gleb's page at beintheknow.co/podcast. Find his episode, and you'll find it there. Again, Gleb, awesome to have you on. That's all for now, insiders. That's a wrap.

Announcer: 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 In the Know.