JANA

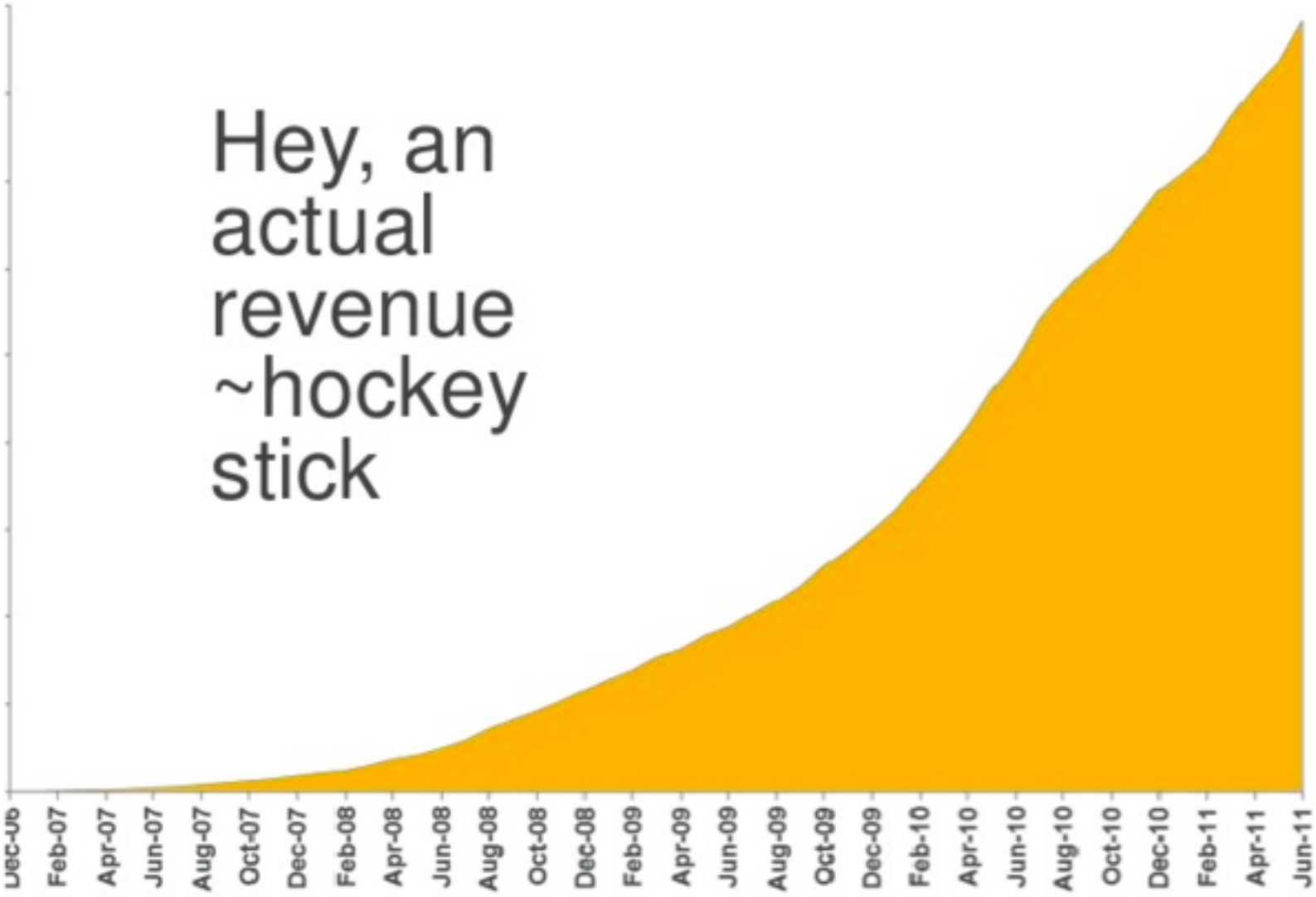
Growth: growing the company

Yoav Shapira, October 20th 2015

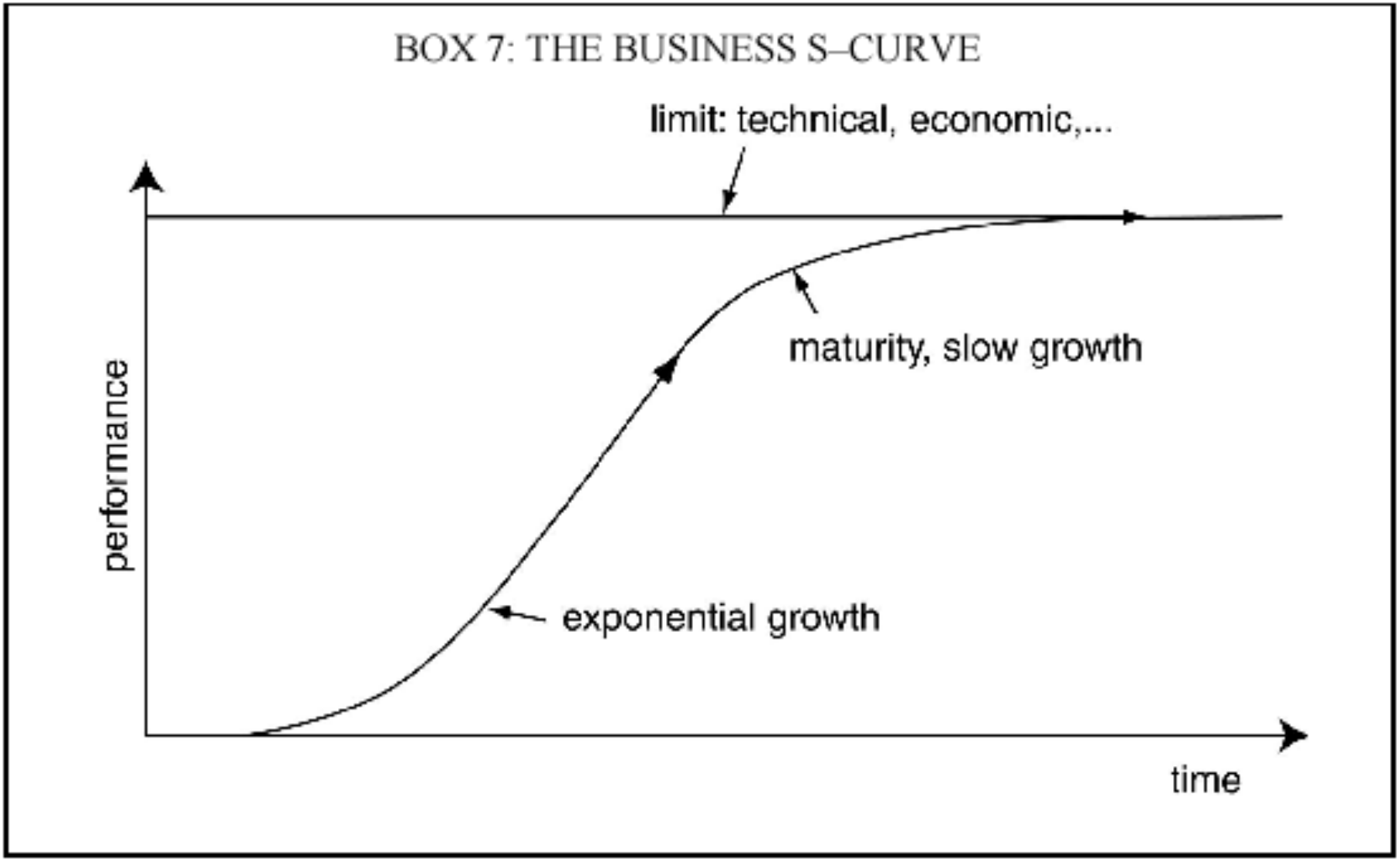
About me…

- CS undergrad + masters, later management
- Big companies until grad school, then startups
  - CarGurus: 1st employee, build product, team
  - HubSpot: initial team met in school, I led eng
  - Now at Jana, leading product + eng
- Active advisor, investor, adrenalin enthusiast
- yoavs@yoavshapira.com - reach out anytime.

Proprietary and confidential



Proprietary and confidential



Proprietary and confidential

How do you make it happen?

- The Lean Startup book describes it well :)
- If you haven't been speaking to your users, it's now required, not optional.
- If you haven't been minimizing total time through the learning loop, get better.
- Which "Growth Engine style" are you?
  - Sticky? Viral? Paid? Some combo?
  - Are you measuring it properly?

Proprietary and confidential

Exercise: in small groups…

- Think about the last product / service you recommend to a friend or other person.
  - Why did you recommend it?
  - What's the value proposition?
  - Did your friend take you up on the recommendation? If not, why?
  - Does the product's web site / marketing pitch match what you told your friend?
  - Or did you focus on another aspect?

Proprietary and confidential

GROWTH

THE GRASS MAY BE GREENER ON THE OTHER SIDE BUT THAT'S ONLY BECAUSE IT'S WHERE THE BODIES ARE BURIED.

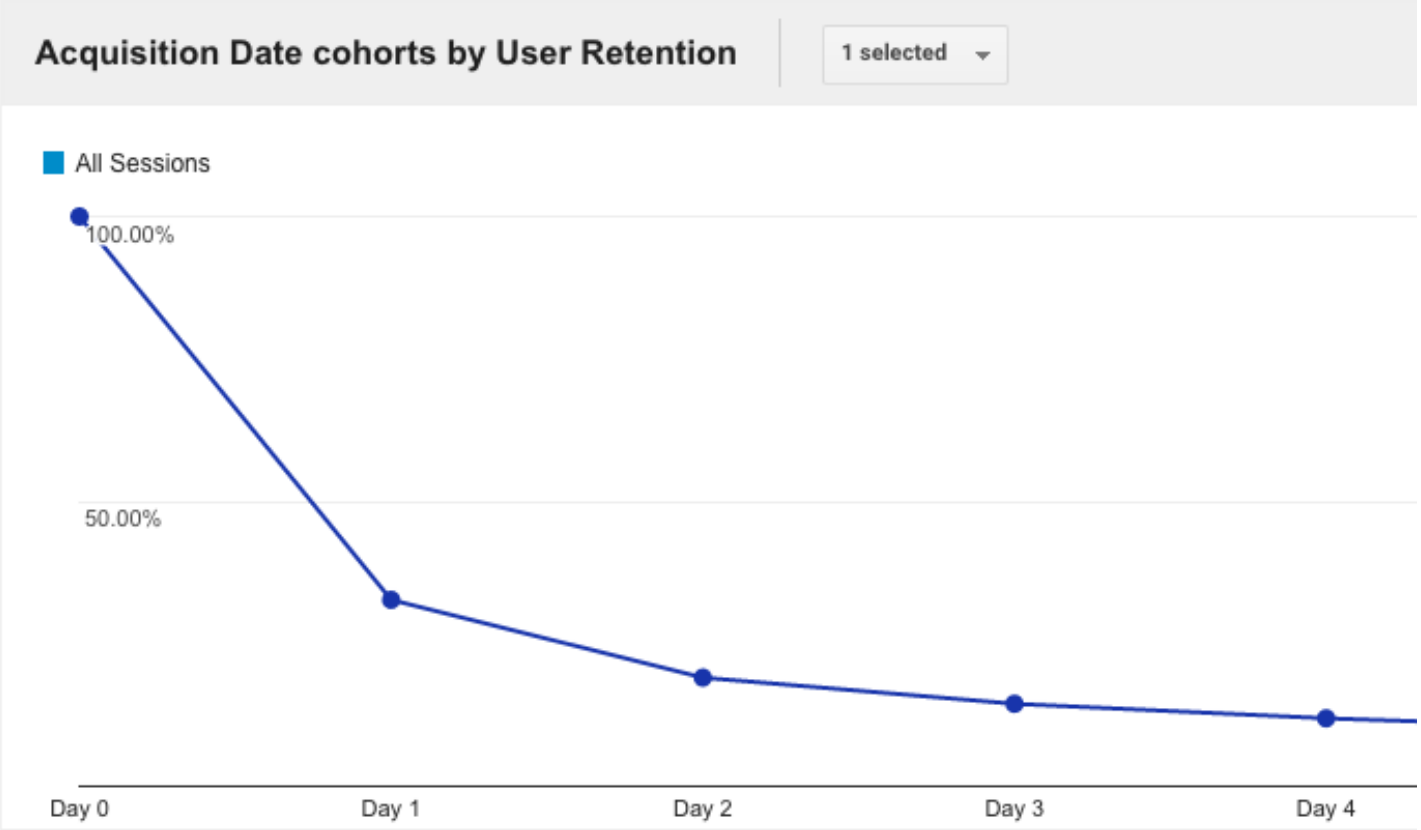
motifake.com

Key terms for software product growth

- What's a user?
  - Download? Install? Register? Active?
- What's a cohort?
  - Why does it matter?
- What do "acquisition" and "retention" mean?
- What does "engagement" mean?
  - Differences from acquisition, retention?
- How do you measure these things?

Proprietary and confidential

Pro tip: use hosted services where possible



	Day 0	Day 1	Day 2	Day 3	Day 4
All Sessions 3,513,109 users	100.00%	32.72%	19.07%	14.48%	11.93%

Proprietary and confidential

How to read a retention cohort grid

Cohort	Months after starting usage						
	1	2	3	4	5	6	7
Jan	85%	75%	65%	62%	59%	58%	55%
Feb	87%	78%	70%	67%	63%	59%	
Mar	88%	84%	79%	75%	71%		
Apr	92%	89%	86%	82%			
May	93%	89%	85%				
Jun	94%	90%					
Jul	96%						

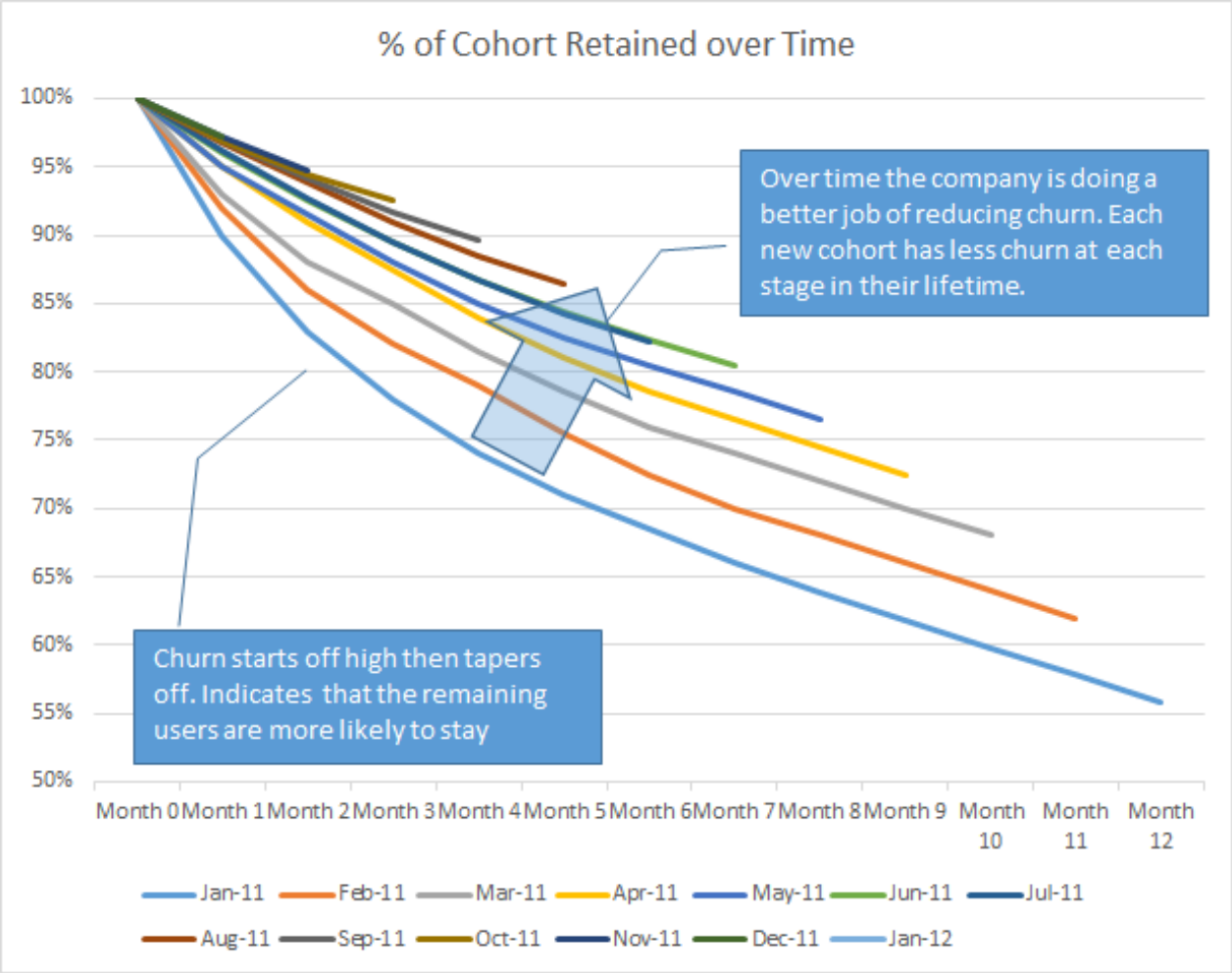
Shows improving first month churn

Shows churn stabilizing in fourth month

Proprietary and confidential

Source: David Skok's excellent "For Entrepreneurs" blog.

Another view on cohort retention



Proprietary and confidential

Source: David Skok's excellent "For Entrepreneurs" blog.

Some things you just want to grow…

- # of users, active users, $ revenue
- But the rate and behavior by cohort matter just as much, especially for complex metrics
  - Retention, engagement often start poor, get better over time, so look at cohorts
- Think about outlier examples:
  - Is Google(.com) high engagement?
- User growth vs revenue growth
  - What's a product that trades these off?

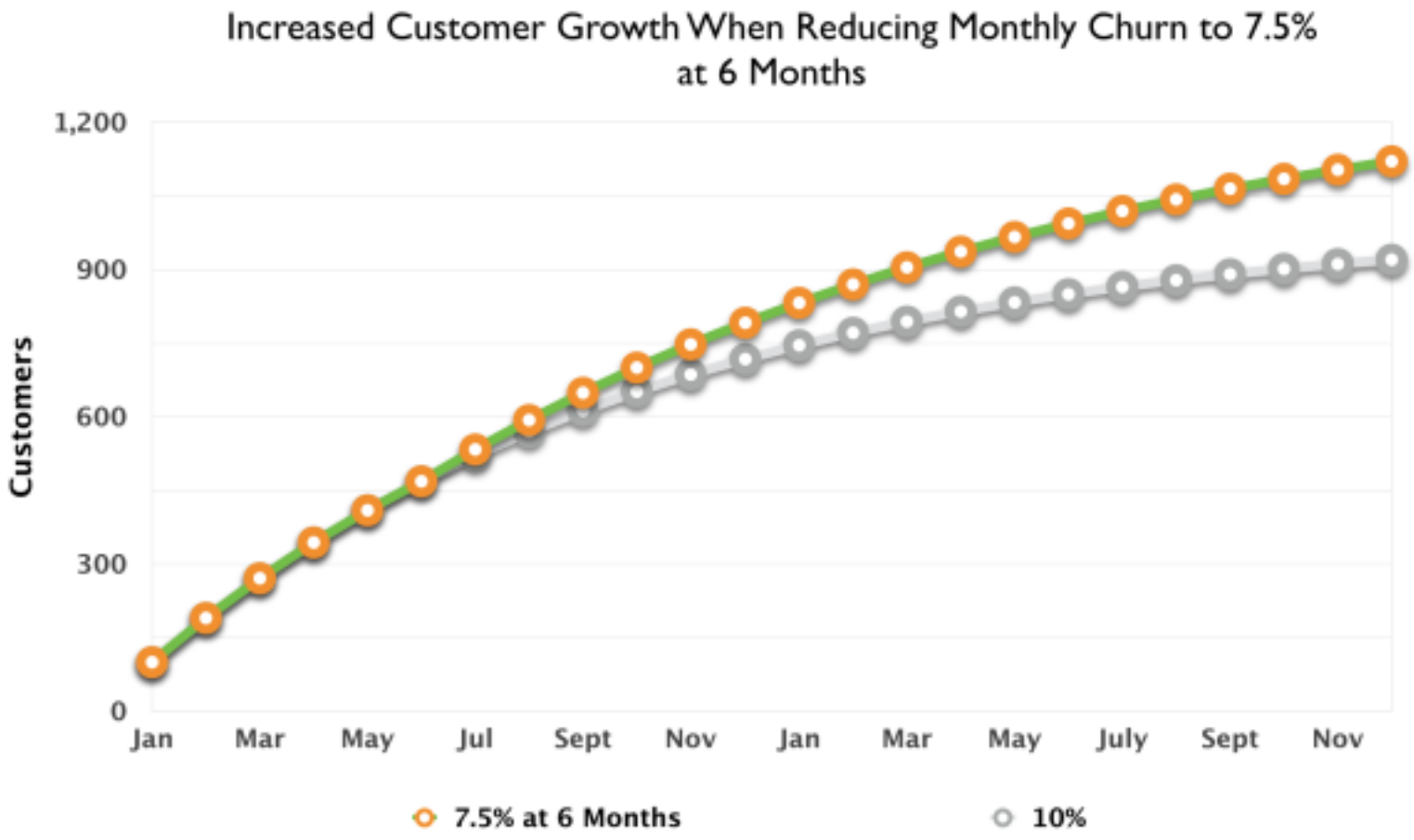
Proprietary and confidential

If you could only move one metric…

- Make it 90-day retention as seen by your acquisition cohorts chart / graph.
  - Yes, this is over-generalized, but it's the right direction.
  - If you can keep people coming back 90 days after they first used you, it's likely you have a solid product-market fit. Time to scale!
  - If not, you're pouring water into a leaky bucket.
- There are exceptions to this, same as every rule…

Proprietary and confidential

Another view on cohort retention



Proprietary and confidential

Source: Lars Lofgren's "Online Marketing" blog.

Exercise: in small groups…

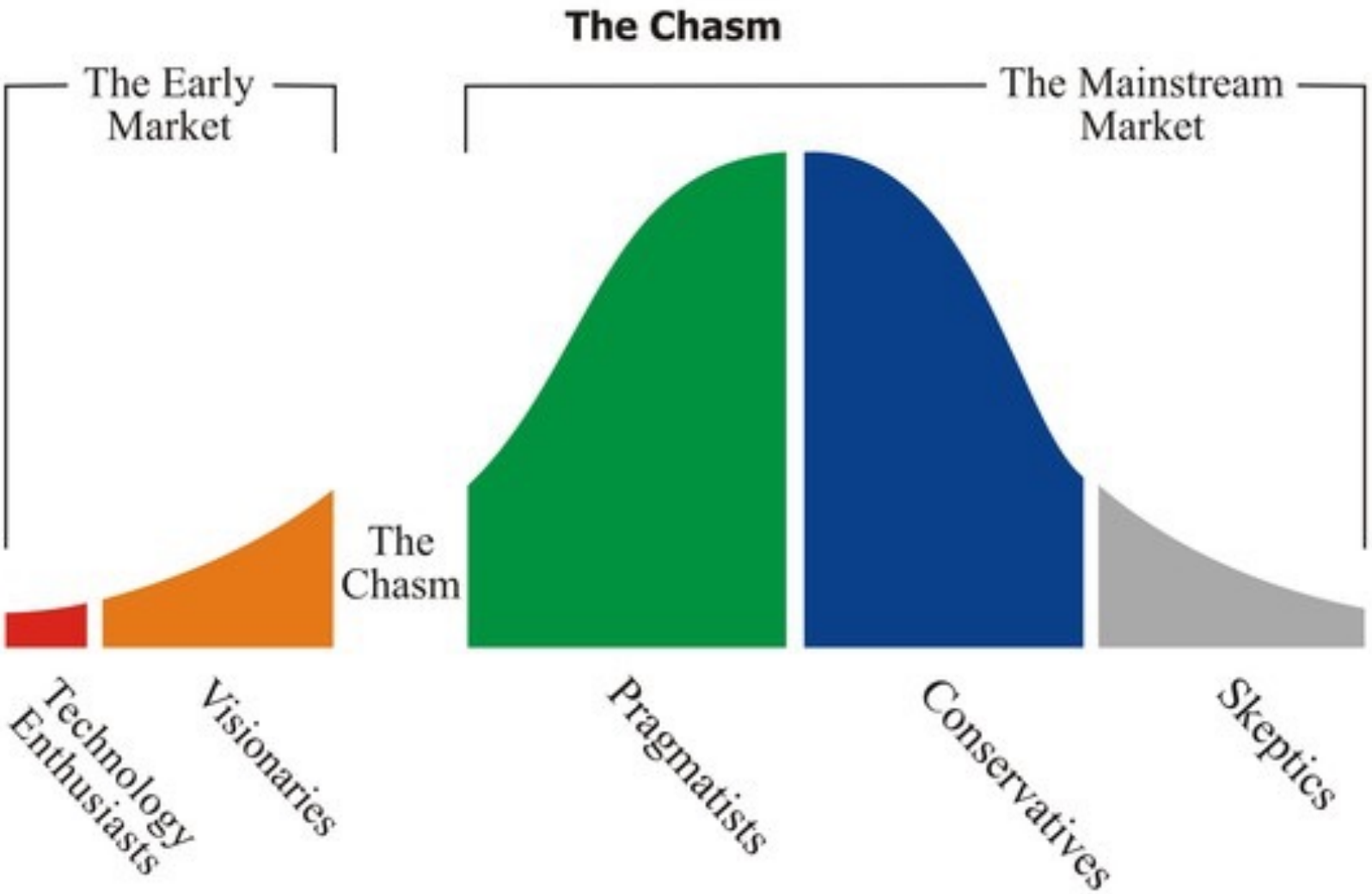
- Consider the different common user acquisition channels:
  - Word of mouth, paid advertising, subscription services, etc.
- Which is likely to lead to the best user retention 90 days later?
- The best revenue retention?
- Why?

Proprietary and confidential

Exercise: in small groups…

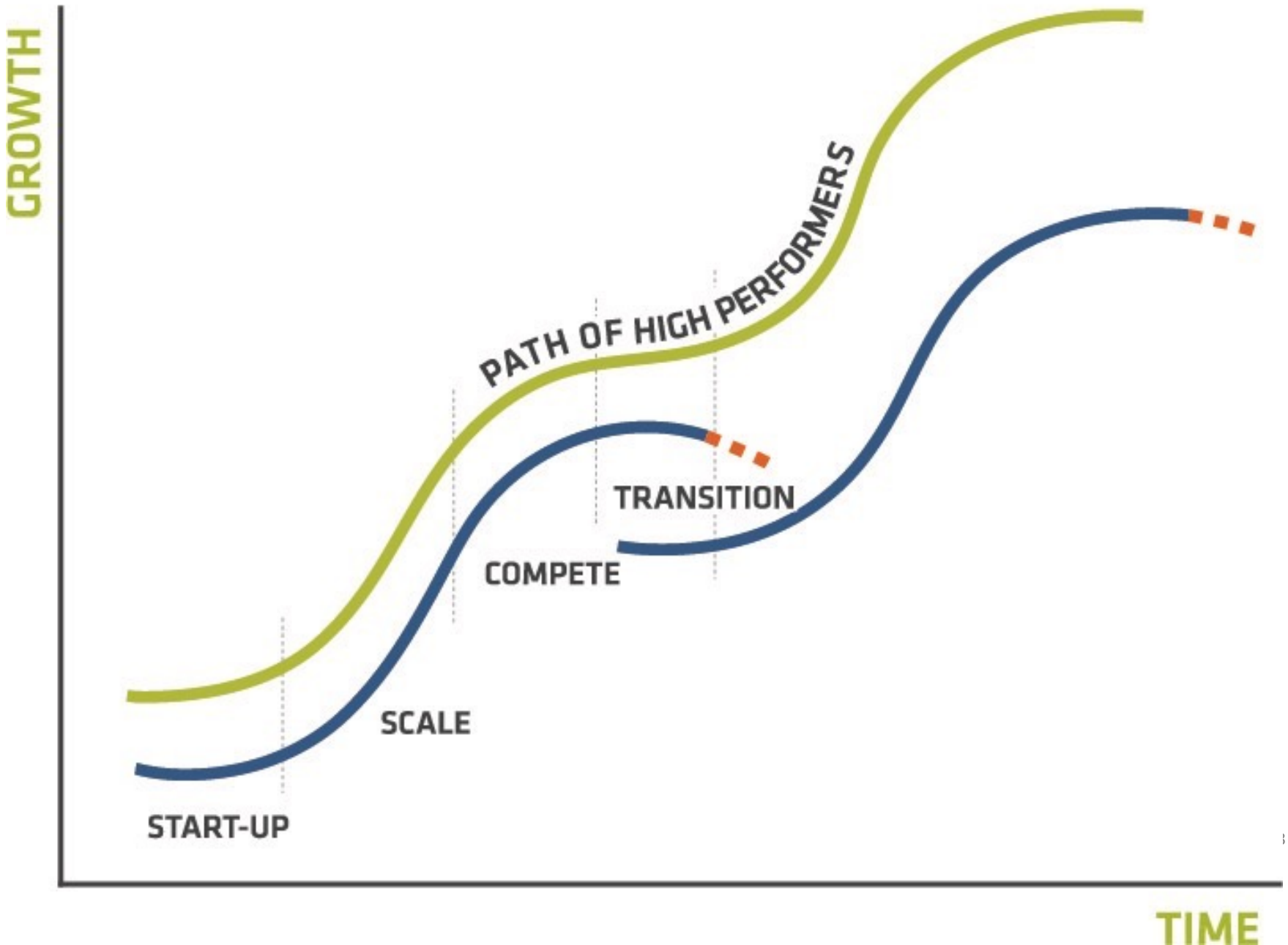
- Consider the different common user acquisition channels:
  - Word of mouth, paid advertising, subscription services, etc.
- Which is likely to lead to the best user retention 90 days later?
- The best revenue retention?
- Why?

Proprietary and confidential



Proprietary and confidential

DOUBLE S-CURVE MODEL



Don’t do these things :)

- Focus on any single metric to the extent you lose the whole picture
  - 100% D90 retention with 0% new users this month is not good, should cause a pause
- Rely on vanity metrics for decision-making
  - You may have to use them for some external communications, e.g. marketing / fund-raising
- Be tempted to think the answer is in the code
  - Spend big chunks of your time talking to users / customers to see why they join, why they don’t join, why they stay, why they leave after joining, etc.

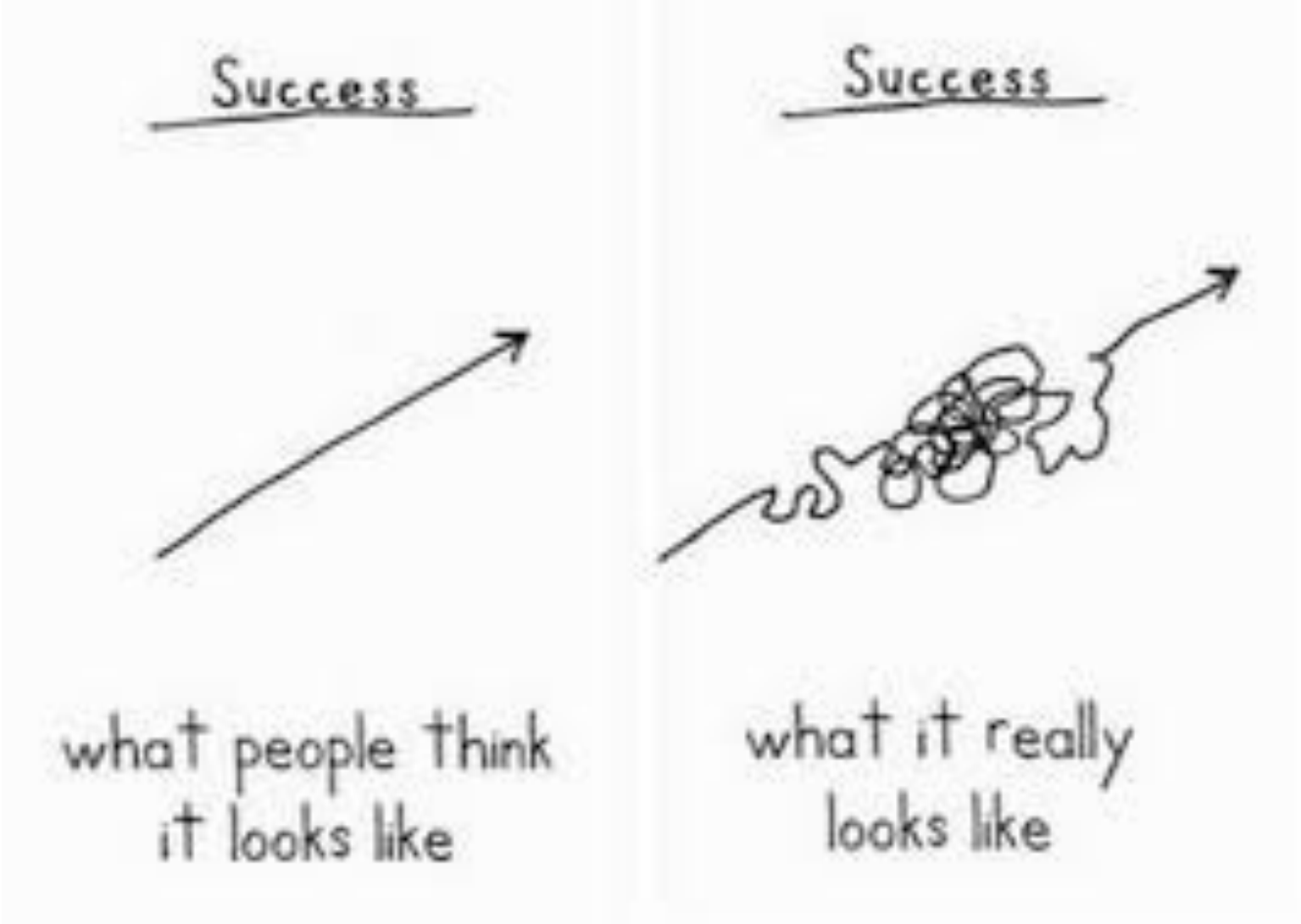
Proprietary and confidential

You may have multiple cycles…

- The notion of a single “a ha!” moment at product-market fit, then scaling forever…
  - … is likely over-simplified
- More likely you’ll have multiple cycles as you cross the chasm among users / customers, or the markets themselves change
- And you will likely mix multiple engines of growth
- But the principles, fundamentals, measurements still hold at each phase

Proprietary and confidential

Questions? Comments?



Proprietary and confidential