

# Building a billion-dollar company.

CHAPTER 0 - May 2011 to January 2012

I actually had the idea for Gumroad a long time ago. Or at least, a couple years ago. I was working on a Twitter client for the iPhone. It was free, and I wanted a way to make money from it without charging for the app itself. I decided I would try to sell the source code of the app on the marketing website. I tried to find a solution. I never found one (after a few hours of searching) and gave up.

Fast forward to May of 2011. It was a Friday night, and as I do, I spent four hours designing a [pencil icon](#). It was beautiful! And I had finally learned how to make realistic icons in Photoshop. But I wish I had the Photoshop file for it hours ago! Then I wouldn't have had to spend four hours learning how to make it myself. Wait... if I wished I had this, maybe some of my followers would appreciate the same? So I built Gumroad.

It took me that whole weekend. I spent every waking hour working on Gumroad (8am - midnight on Saturday, and 10am - midnight on Sunday). I hadn't been this excited about a project of mine for ages. I found it hard to sleep on Sunday, and on Monday at around 7am I soft-launched Gumroad with a [Hacker News post](#) and a tweet to sell the pencil icon I designed. The post did well and led to around 50,000 page-views on the first day, and I ended up selling the pencil icon over 50 times. It was working!

I was full-time at another startup, so it sat there for a while. For months it chugged along. People used it, and it was great. But it never grew or exploded. I added a few features, but that was it.

In August of 2011, I left Pinterest. I got restless. I started turning from a designer to an engineer (it doesn't make sense to make a site prettier if the site is down, right?) and I felt I wasn't adding as much value as I could. I was pretty sure I wanted to work on my own startup. An actual startup, rather than just a side project that was doing OK. I had left a pretty early position at a fast-growing startup, tossed away a very significant amount of stock options, and it wouldn't have made too much sense to join another startup. But I considered it anyway. I worked for turntable on their iOS app, and had a lot of fun.

But I wasn't sure exactly which idea I wanted to work on. None of them were a definite 'yes, this!' It's hard to make a decision that will dictate the next many years of your life. I wanted to make sure I made the right one. But I also didn't want to spend six months idling. I gave myself a one-month deadline. I made a list of my current projects (Dayta, besides Gumroad, was the most likely candidate — I still think it could be huge) and added onto it, my ideas for future ones. I also asked friends if they had any spare ones they had written down that they didn't have the time to work on. I had a long checklist of criteria that my new startup had to meet:

- In five years, I should still want to work on it.
- It should start making money, however small, from the very beginning.
- It had to be a consumer app.
- It had to be a web app (which was a surprise to a lot of my friends, since I did a lot of mobile before — my reasoning is that distribution is still far too hard if you're mobile-only).
- The product had to have a lot of its distribution baked into its core.
- It had to have the potential of a sustainable, billion-dollar company.

In the end, Gumroad fit the bill. It was also the riskiest idea I had, so I thought it would be the most fun. As time went on, and as I began to tell more and more people about what I was working on, I knew I made the right decision. A friend commented, 'you and Gumroad are made for each other,' after I referenced almost an entire day's worth of conversation to it. That made me sure.

Anyways, I incorporated the company late that September. It was the first time I had ever dealt with a lawyer, but I actually ended up loving the experience. I also decided I wanted to raise some amount of money. The biggest reason was so that I could focus on Gumroad without any distractions. I didn't want to have to think about rent, or have to do consulting on the side. I also wanted the flexibility to spend a little money on advertising or a nice monitor. Or maybe even hire one or two people without the delay of having to go raise more money.

Luckily, I had a few friends that were also angels. Specifically, Craig Shapiro from Collaborative Fund, Seth Goldstein from turntable, and Naval Ravikant from AngelList. They committed to the round as soon as I told them I was serious about Gumroad. It made the whole raising-money process go a lot faster. Getting that first 'yes' is almost always the toughest thing about it.

The other yeses took longer, but it wasn't as bad as I thought it would be. I've heard terrible, terrible diatribes about raising money. Especially as a single founder. Still, it wasn't too bad. Sure, it isn't the best use of time, but it's hard to complain about a time where a kid with little credibility gets to meet these amazing, super smart (and often super rich) founders and operators, and then ends up with some money. I was also curious about how it'd feel to get that first 'no.' I think it was from Andreessen Horowitz; they weren't so sure about my ability to find a

foothold in the market. Answer: it doesn't feel that bad, at all. From my view, it was hard to be upset that someone didn't just hand me a few hundred thousand dollars after having only met me a little while ago. I was just grateful they took the time to meet me. I tried to learn as much as I could in every meeting I had taken.

In the end, I think it took around two weeks to get the amount I wanted to raise (around \$1M) committed, and a few weeks longer than that to get the list down to what ended up being the final syndicate. It required a lot of trips up and down Sand Hill Road (which, without a car, isn't too much fun and I ended up sweating a lot), and many, many hours on the Caltrain to and from the City.

The final list of investors turned out to be: Seth, Craig, and Naval, plus Danny Rimer (Index), Ping Li (Accel), Ron Conway, Chris Sacca, Josh Kopelman (FRC), and Max Levchin. The amount ended up being \$1.1M. I cannot say how utterly grateful I am for the time, money, and attention anyone decided to give me.

For me, I found it hardest to say no to the great people I was lucky enough to have met that wanted in. But it was a good problem to have, and there's definitely no way I'd ever complain about having to do so.

But raising money doesn't mean too much. It certainly didn't mean I was a success. Not even close. But it meant that now I could focus on turning Gumroad from an impulsive weekend project to a full-fledged company.

On November 1, I moved to SOMA, in San Francisco (from Palo Alto). I had planned on doing

it ever since I realized how boring Palo Alto is, but I didn't want to bear the commute. Now that I was on my own, I couldn't wait. I found a nice loft that I could live in and work from (I think this is a great situation for early startups), and got back to work. It felt great to be back working on product full-time. I convinced a friend to help me out, and we began!

During the month of November, we moved Gumroad over from Google App Engine to Amazon Web Services. It is a lot cheaper, and a lot more flexible in the long run. The biggest restriction App Engine had was that we couldn't use https:// on naked (gumroad.com rather than gumroad.appspot.com) domains, and that was a deal-breaker. The site design was also the same one from August, and I decided to give it a refresh. The biggest shift from working for a startup and doing your own is that every single decision, you think very hard about. Very, very hard about. It's hard to consider making product mistakes when you are 100% responsible for every single pixel that your users see. It is just a little bit stressful.

I think we pushed the new site live in mid-December. During the rest of the month, we went through the email archive for [hi@gumroad.com](mailto:hi@gumroad.com) and our brains, and added a crazy amount of tasks to Asana, which we use to figure out what we should work on next (personally, I love it!). Every day, I'd wake up, answer a bunch of emails (the best perk about being a founder versus a designer/engineer: you can work from your bed!), and re-organize my tasks in the order I wanted to work on them. I focused on almost entirely the front-end experience for users. I believed that our product was simple enough that there was no excuse for any page not being great. It turns out, I'm still working on it. I don't know if I'll ever be satisfied.

Late December, I visited family I hadn't seen in over six years (I'm all alone in this great country that is the USA!) in Dubai. And then I saw my friends and family in Singapore (where I used to

live before I moved to the US in August of 2010 to attend USC in LA). I knew it would be the last holiday in a while, so I made full use of it. I was also legal to drink, but I won't comment on my activities.

I got back to San Francisco in January, and got back to work. I have far fewer friends here, so focusing is much easier. Two startups I have worked on are doing great. Now it was time to figure out if my very own was going to succeed! Regardless, I think I'll learn a lot.