# Audio file

[Expedia & Zillow Rich Barton.mp3](https://1drv.ms/u/s!AMhVeraEIITCz14)

# [Transcript](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So the Internet bubble had burst into the stock market wasn't as interesting to people, but the housing market was on a tear and somebody basically drew a stock chart on the board and said, what if we could create this stock chart but have it be your house?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Value.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's when everybody kind of inhaled.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Simultaneously, we're like ohh, that is interesting.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[From NPR, it's how I built this, a show event. Innovators, entrepreneurs, idealists and the stories behind the movements. They're going.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I'm Guy Raz, and on today's show, how rich bartons many frustrations with booking travel and buying real estate led to two startups that transformed those industries forever. Expedia.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:00:57 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And Zillow?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:01:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Back in 1970, the economist George Akerlof wrote what would become a groundbreaking paper on a concept called information asymmetry. It's work that won him a Nobel Prize in 2001. That paper argued that used car sellers have an information advantage over.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:01:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Buyers, they know more about the quality of the car, so they have the upper hand because they can set the price. His basic idea was that sellers almost always have the upper hand in any transaction because they have more information about the product they're selling's work spawned a whole series of business.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:01:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Ideas that set out to put an end to information asymmetry.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:01:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Things like Carfax, a service that made a cars entire maintenance and accident history available to a buyer, or financial services companies like Vanguard that introduced transparency into consumer investing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:02:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But the idea of disrupting industries with an asymmetric advantage really took off with the rise of the Internet and in the early 1990s, a young Microsoft employee named Rich Barton was obsessed with this kind of disruption. It's an obsession that led him to Co found three major tech companies.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:02:23 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Companies that offer services that you have most likely used, there was a time when if you wanted to book travel, things like flight schedules, hotel availability, car rentals, all that information was only available to travel agents who had access to a proprietary booking system and rich wanted.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:02:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Everyone to have access. So he came up with what would become Expedia after it was sold. He turned his focus towards asymmetry in the real estate market.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:02:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Because up until that point, only real estate agents had easy access to home values or what price your neighbor sold their house for. So Rich, he co-founded Zillow. And then in 2007, along the same lines, Rich helped a friend, Co found another site to share data about work culture.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And average salaries at major comp.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This time they called it Glassdoor. Yes, this one person has been a driving force behind Expedia, Zillow and Glassdoor. Rich Barton grew up mainly in the northeastern part of the US his dad was an engineer, and his mom was in charge of the family.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The mid 1980s he moved out West to attend Stanford, and it was his first taste of life on.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The West Coast.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I didn't love.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This lack of focus on what's your name and who's your daddy and where'd you go to school in California just fell.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:03:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[More egalitarian and more future leaning, and you know more free. I moved out there and even as kind of a dumb 18 year old, I completely remember the feeling I so I had a Honda Civic.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:09 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And I drove it back and forth across country every year for school, and I distinctly remember going through, you know, that tunnel just north of San Francisco, you know, right after you go over the golden.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Gate bridge? Sure.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I remember coming through that tunnel. I literally had the Grateful Dead on I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Think I had.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Estimated profit, which the refrain is.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Something like California basically knocking at your golden door. Right. And so I was listening to that, going through that tunnel with the rainbow painted and then crossing the Golden Gate Bridge and having this feeling that, you know, it's hard to describe. I was so excited and wide eyed and, you know, ready for the future, you know, ready for possibility.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:04:53 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I I I guess that after you graduated from Stanford, you got a job in consulting and and from what I understand you not too long after that you decided that it wasn't for you and you were I guess kind of just looking for.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[An exit I was in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Fact I was my really one of my great friends from Stanford.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[She took a product manager job there at Microsoft and moved to Seattle right out of school, which was an interesting little company that recruited on Stanford's campus.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The week after she got there, she started calling me up and saying Ritchie, this is the place for you. This is where you should be so.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It took a.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[While, but eventually she and a few other key people there helped get me an interview, and then as soon as I could, I moved out.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:39 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Wow. And what were you hired to do there?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I was hired to be product manager of MS-DOS MS-DOS version five. I know you're not a tech geek, at least guys, so that's not going to mean much to you, but.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Some some of your listeners out there, well, all right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:53 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I remember MS-DOS. Yep, I I so still pre windows.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:57 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah, this is.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:05:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This is pretty windows. It's on the cusp of windows. Yeah, it was exciting actually we saw.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Old DOS 5 MS-DOS 5 was the first time that Egghead software, which was the big retailer software retailer at the time, had ever see they did they. They ran a midnight madness sale on the first day that the DOS 5 upgrade was released and they had people camping out and lining up outside of Egghead so that they could get an operating system. I know that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Seems crazy, but that's what happened to him.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:25 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Did when you got to Microsoft? Did it already seem like a giant place?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[No, no. Well it was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A pretty small company when I got there, probably just a few 1000 people.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Not that small but, but I mean, compared to today, certainly.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:38 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Goodness.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:39 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But like the kind of like the kind of place where it wasn't odd or unusual to, like, see Bill Gates walking.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Around.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Oh yeah, for sure. It was a small company. I knew most of the other product managers. I was one of the younger ones. Most of the people that come out of Business School, but it was quite A and people international people from all over the world because we were localizing all our products all over the world but it.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:06:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Was it felt like?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We knew magic before everybody else did. You know, it's just like the technology.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That we were working on, we knew had immense future ramifications for the way people lived and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Worked and we knew how to build stuff. We did have a sense of being exceptional and kind of a sense of destiny. It was quite exciting.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So you work on on the DOS system. You worked as a product manager on the DAS system for, I guess two or three years and I guess around ninety 1994 you actually request.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A transfer to Microsoft Consumer Division, which can you tell me about that decision?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, I was basically getting ready to leave Microsoft and start my own business. I always wanted to be an entrepreneur and I figured if I was going to start something, it was going to look more like a consumer product than an OS. And so I actually jumped over to the consumer division at Microsoft at the time, which made all of these consumer products, most of them.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:07:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[On Multimedia cd-roms 1 was called Rock Mania. One was called cinemania. Believe it or not, one was called Multimedia Beethoven and one of them was an idea for a encyclopedia of Travel Guides, Multimedia Encyclopedia of Travel Guides on CD-ROM. And that's how I ended up work.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[On travel.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Which to me seems a little weird because you're not going to bring your computer with you when you travel around the world. But presumably somebody thought. Let's make those people, we'll print them out. Like what? What was the thinking?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Behind that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's exactly what I thought I'm like. OK, sure, it's a bunch of pictures and texts that would be great to have a whole library of on your on a CD-ROM, but I you know, the smallest portable computer at the time was the size of a suitcase from compact. But it weighed like 20 lbs.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:47](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:51 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So of course, yeah, it wasn't going to work as a travel guide in the field.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:08:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Which led me to look at different ways we might be able to have a travel guide, be portable and actually led me to thinking about how we actually plan and purchase travel itself, which I found way more interesting so.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:07](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So what did you start to do, or what did you?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:12 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Start to think about.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, I was quite a business traveler and planning was pretty difficult the way we had to pick up the phone and call the corporate travel agent.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And say I've got this three stop trip and I could I remember hearing the click click, click of the keyboard. I knew that the travel agent I was talking to was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Looking at.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A screen right? I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Wanted to jump through the phone.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Turn the screen towards me and do it myself. I figured I would care more about my routing and my timing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:36 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In my hotel.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Than anybody else would and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:40](https://1drv.ms/u/s!AMhVeraEIITCz14)

[What? Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So I was using prodigy.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[There was a service on Prodigy that enabled me to access directly the airline and hotel reservation systems. I could spoof being a travel agent and I was heavy user of that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:52](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:09:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That and so I looked at that. And, you know, I had a team around me as well and we we looked at that and then we were like, well, that would be interesting to bring to normal consumers, like people would go crazy, give power to the people, to book this themselves, to turn on the lights in the room to see it all anyway, so that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:10:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Ended up being my pitch to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:10:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Bill Gates. Sorry. So you so you had this idea. There was this idea that maybe we can look on prodigy. You can start to pretend like your travel agent and directly book your own stuff. Maybe we can actually build this.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:10:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Out you got a chance to go to Bill Gates and pitch that to him.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:10:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I did Bill Gates at the time, Microsoft was still relatively small and ran these what were called product reviews every year, and the product teams would come through his boardroom and say what they're working on, what they wanted to work on in the future.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:10:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That was cool. What was not and get feedback. And so at that time, you know, every six months or a year I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:10:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Would be part of a team that would go in front of Bill and other, you know, Steve Ballmer and Nathan Myhrvold and and talk about what we were.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Doing wow. So you go in to pitch Bill Gates on this idea to create some kind of online travel booking site that would also include travel guides.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yes, I showed him prodigy and it was all a command line. Really ugly thing. But I talked about how I could seem doing a kind of a Windows version of this and giving it to consumers could be a complete game changer for consumer and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Environment and he.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Agreed. Yeah, and and this is still pre Netscape like Netscape. I think just because I remember using it, I think I used it for the first time in 1995. So this is still pre like what we now think of as the web, but you're what you were pitching was, hey, let's build this out and make it really user friendly.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like Windows, he looked at this and said, yeah, there, maybe we can do.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:11:57 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[He did? Yeah, you're right. And Netscape had not shipped yet. The graphical web really hadn't launched. It was about.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But there were these online systems that did have these kind of hacked together graphical interfaces. Microsoft was working on, one itself called MSN, Right. And so the context of the pitch was we'll build it as an.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[MSN app so MSN was supposed was looking at Prodigy, CompuServe, and whatever AOL and and saying we're going to make our own.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:25 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Kind of version like this.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's right. We were. We were building a competitor to those services and this would be an app, you know, we saw it as.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A potential killer app.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And do you remember, I mean was was. I mean, you're making it sound really simple. Like, he was like, Yep. I'm sold. Was it that simple?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You know, it's hard.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To remember, but yeah, it seems that way it was pretty.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Obvious idea we've been.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Tasked by Bill Gates and the team there to think about how the coming Internet might change industries. And so this was one of the ideas that we had.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:12:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I mean, I remember at that time people were talking about how, you know, in the future, you're going to sit in front of your TV and just order things and and. And it still seemed kind of far fetched. But I mean, where were you hearing murmurings in the industry that other people were working on things like this or?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Or not.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:15](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[There was a small, you know, tech is a big industry right now. It was a rather small world back then and there was this sense of destiny. Every people who understood technology did feel the revolution coming. And so there was an excitement and a pressure.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And a competitive zeal. And for me, the excitement was all around how?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We could give power to the little guy in the face of.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The travel industry in this case.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:13:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In the travel industry, but also the same, I was actually thinking that, you know, my team, Lloyd and I were thinking about that relative to several industries. Stock investing was the same way. It was just there were all these industries that seemed rigged against the consumer that we felt the connected.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[PC was going to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Reorder. You don't have to see too far into the future if you can see a little bit further into the future than the rest, you know you can. You can really get way ahead and we we were just lucky that we were at the epicenter of all of this technology ideation and we were in a incredible environment where.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:13](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We were given free reign to dream big, take big swings. That was encouraged.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So Bill Gates gives you.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The green light.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yes.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And you what? What do you do you like? Gather A-Team and you have to come up with a name for this thing. And they called it Expedia, which, by the way, how did that happen?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah, we did a. We hired one of those.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:14:53 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Naming consulting firms, and we tried. I've participated in the creation of lots of made-up brands and that was my first experience with it and I learned a tremendous amount, I believe, when for those of of you out there who who are dreaming of starting a company.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Naming something, creating a new word is very ambitious and very long term and very difficult.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But if you are successful, you completely own that word in the dictionary, so to speak, and you get to fill it with whatever meaning you you can infuse into it, so it takes it's a lot longer and a lot harder, but it ends up being much more valuable to have a brand name that you've you've made-up. And so I came into with that belief Expedia was one of many names.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That we had to pick from. We liked it because it had an X in it, which is a high point Scrabble letter.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So that means.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It's unique.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It sounded like speed. Expedite expedition. All good associations for.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:15:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[For travel, one thing I did learn is that I didn't like, ultimately, that it had so many syllables, but that was hindsight. Since then I've liked 2 syllables. I think that's the most memorable. I think having it sound like a dog's name. A good dog's name can be turned into a verb. There's a bunch of rules.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:16:07 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I have now so explain something to me.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:16:11 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I mean you start to work on this product, right? And in the meantime, Netscape hits, right and the World Wide Web becomes a thing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:16:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[How challenging was it to build a a site that would allow people to directly book their travel with the airlines? I mean, was there any resistance from the airlines or the airlines like we love this?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:16:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Oh no, they didn't love this. And Microsoft was scary. Microsoft was a very scary company to all industry at the time because it was executing so well. It was making so much money and it kind of knew magic that everybody else hadn't figured.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:16:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:16:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[However, we knew that if we started a travel agency that from an equal access perspective, we ought to be able to plug into these electron these big mainframe based reservation systems that ran the industry and act like a travel agent. And if we got discriminated against, we could blow a whistle and say that's not fair and that's.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:09 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I remember being a very young, you know, techie kid.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Did and going into this very senior airline executives offices, I remember one in particular American who just belittled and was very arrogant with me saying, you know, it would never work. And and I you know, I worked hard to be as gracious as I could and explain what I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Thought.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The future?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Looks like and how?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[If you bet on empowering consumers and you bet on what people want and you build products for what consumers want, how could you possibly go wrong? That was my, you know, position and but it was difficult. I got a.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Lot of resistance. So you guys formed a travel agency at Microsoft in order to, I guess, kind of qualify to be able.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:53 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To do this, yes.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Even though you were.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:17:57 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Passing on that power to consumers, to users.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's correct. Yeah. We were an electronic travel agent, and that's what consumers wanted.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[When you launched Expedia in 1996, what was the public response to?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:09](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It well the web.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Wasn't very so.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So we were building for MSN, which we recognize wasn't going to probably succeed as a platform.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so we quietly pivoted to building a web app, and we kind of didn't tell anybody.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so we launched. We never launched on MSN. We launched on the broad Internet and it was a hit instantly. Now the web wasn't very big. So it hit at the time in 1996.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:38 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Is very different.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[From now I don't remember the exact numbers, but everybody sat up bolt upright in their seats. Who saw it was like, Oh yeah, this is it. That's the future.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:48 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so this launches and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It transformed travel in an instant.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:18:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It did, and in hindsight and at the time, to us it was, it was obvious and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The stuff that really.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Got us excited was the consumer aspect, the consumer empowerment aspect of IT, guy not a lot of people like to talk about disruption and I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Know you do too.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But these are.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[About empowering consumers and then let the chips fall where they may from an industry.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Building for the future of what consumers want was what we were trying to do and we were really secondarily thinking about the organization of the industry and how those dynamics might change and that that just wasn't our primary concern because we knew if we had the consumer on our side and we had millions then 10s of millions and hundreds of millions of them coming every month.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To our service that we would ultimately get the business model figured out and get those partners to come.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Microsoft spun out Expedia as a as a public company in in 1999 and and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:19:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Became the CEO. Still pretty young of a public company at the time, but I guess pretty soon after that, just a few years later the company was purchased by Barry Dillers I AC. I mean, clearly the company was was doing really, really well was financially successful, but but I guess in in 2003.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:12 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You. You laughed, right? Yes. And so. What'd you?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Do well, I'd worked pretty hard.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And I wasn't the greatest work life balance guy.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I was having kids, my twins, which were my second and third kids. It was pretty tough.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Pretty tough pregnancy. They came a little bit early and it was scary. So we decided my wife Sarah and I decided we wanted to pursue a dream that we had of.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Moving abroad and living abroad, so she was in her OB practice and took another six months for her to kind of work through her backlog of patients before we left. But we moved to Florence, Italy with the whole family for a year. It was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:20:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Lovely but, but I guess I mean, it wasn't like you were retiring forever, right? I mean, you were presumably.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:01 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like taking a break and so during that year where you starting to think about the next thing and where you.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:07 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Was that when you started to?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Think.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[About real estate, something with real estate?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We moved back because Sarah's dad began to get sick.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And when we came back, we knew we needed to find a new house because our family had just grown by two people.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so in order to stay out of my wifes hair, I took an office with an ex Expedia early Microsoft Stanford friend of mine, Lloyd.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:21:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Drink and we just we're staying out of our wives, hair and brainstorming business ideas and we happen to be shopping for houses. Both of us at the time. And it's just like so many business ideas. They're born of frustration.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:01 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Was you've got to get an agent.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You've got a right and the agents going to get the Commission and that's going to inflate the price of those. The frustrations you were thinking.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Of it was more that we just couldn't get the information that we wanted to get in order to have a successful complete transparent shopping experience like 2005.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And the web has been around for now, nine years or 10.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Years, but still I couldn't get pictures of homes and complete listings and prices and addresses like I couldn't get the address of a home I was shopping for online. It was just obvious to us we're trying to answer a simple question. What is that House worth? What should we offer if we wanted to buy it? And so?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Anyway, that was the frustration.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In 2005, if you were looking for a new home.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Was there a single place online you could go to see all the homes available?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:22:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[No, there wasn't a single place. There wasn't a single place. It was like. I liken it to shopping in a dark grocery store.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:23:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[With a flashlight, you know worse than that. The flashlight is being held by an agent who you have to ask to point it at something. It was not a great user experience, and it was so obvious to Lloyd of me that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:23:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Oh, here we are again. The lights need to be turned on in this particular store too, just like just like the last one that we did.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:23:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And was your were you starting to think because I'm thinking if I'm you and Lloyd you'd worked on Expedia? I'm thinking, hey, maybe we can do this with real estate. Like we can just put all these things up and people can just make the transaction through a site. Was that was it literally like that was the conversation you were.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:23:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Pretty much pretty much. And we also we also loved the category of real estate from a consumer perspective, just like travel, it's this really interesting blend of the yin and the Yang of emotion and finance. It's like homes are so entertaining to shop for.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:05 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I mean, I was one of.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Those.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:07 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Kids who rode around in the back seat of my mom's car on Sunday afternoons, and we just go look at open houses, you know, like shopping for homes is entertainment because it's it's you're dreaming. And by the way, shopping for travel, a lot of that was dreaming.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[2.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And when you describe this to people, I mean, obviously you had a successful exit, but what was anyone saying, you know, travel is complicated. It's kind of regulated real estate is really complicated, super regulated. There's like really powerful industry lobbying groups. Like it's really hard to break into that. Did anybody say that to?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Everybody.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Everybody, when we come back in just a moment, how rich and his cofounders figured out the one thing that would make users flock to their new real estate site, and how when that finally happened, they were totally unprepared. Stay with us. I'm Guy Raz and you're listening.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:24:43](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Ready.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:25:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To how I built this from NPR.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:25:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Support for how?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:25:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I built this and the following message come from Culturelle who wants you to know that an estimated 45,000,000 Americans may have IBS. According to the International Foundation for Gastrointestinal Disorders Cultural IBS, complete support is a medical food.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:25:34 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[For the dietary management of IBS, it's designed to relieve symptoms like abdominal pain, bloating, diarrhea and Constipation in a safe, well tolerated, once daily dose save 20% with promocoderadio@culturelle.com.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:25:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This message comes from NPR sponsor GoDaddy making a different future starts with you. That's why GoDaddy does more than help you find a name you can create, sell and get found online. So any small business can be a driving force to create, change or build an empire.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:26:12 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So whatever it is you have in mind, that will help make a different future find everything you need to get started at godaddy.com, because the future isn't decided yet. It's up to us to make it happen. Start different at godaddy.com.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:26:32 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz14)

[An internal investigation found that a cop with the California Highway Patrol sexually harassed 21 women, but those findings were kept secret until a new state transparency law passed. We dug through hours of tapes to find out what happens to officers who crossed the line.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:26:50 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Listen to on our watch a podcast from NPR and KQED.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hey, welcome back to how I built this. I'm Guy Raz. So it's around 2004, 2005 and rich, his friend Lloyd Frank, and their fellow founders are trying to figure out the best way to build a real estate marketplace.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[On the Internet.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And they decide to experiment with selling houses in an online auction.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yes, we didn't we we thought auctioning was quite interesting as a price discovery mechanism.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Basically, it's pretty hard to figure out what a house.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Was worth right?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:34 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And we had an extended kind of testing period where we kept adding really smart people that we mostly we've worked with before and it was just it was an idea lab. It was an idea incubator around real estate.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Everybody in the on the team loved real.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:27:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Today, as we were recruiting people, we didn't tell them what we were doing. You know, it was kind of, there was some mystery we didn't really know what we were doing. We were just playing around and we didn't deal with the guy. We went to Stanford with Gordon Stephenson, who is a regional broker here in Seattle, and we said.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:28:09 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Sort out. Let us try to sell one of your houses. We want to just try it. So we didn't have to take any risk really. We just tried to run a test auction on it and it didn't fail miserably.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:28:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[How did you do that? You put his house on this website and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:28:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And then how did you even get people to?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:28:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Know it was silly. Like, you know, I remember our CTO, who's CTO to this day, David Beitel. I remember David and Lloyd and I running around with literally Flyers in the rain of the Northgate Mall and putting Flyers under peoples windshield wipers. I mean, it was very scrappy.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:28:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But fully test so we knew we weren't doing things.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:28:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That we thought would be scalable. We were doing things to learn anyway. One of the things we learned in that that the whole team learned was just how difficult it is to sell homes and we gained a real appreciation actually for what real estate agents do, honestly.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:04 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So did anybody, I mean, did anybody get the property?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[No, we didn't sell it.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[He didn't sell.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:09 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It, but Gordon was selling it himself, you know? So he, he he ultimately.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Sold it, we.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:12 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Just didn't sell it right. And by the way, did you have the name of?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The business, Zillow. Yeah, we've had it for a while because we like to make up words. As I said before, we really like.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The word Zillow.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We knew it was going to be real estate, so.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We brainstormed over coffee and beers and whiteboards and we came up with Zillow, which I really love, my favorite one.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Just a totally made-up.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:36 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Word.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I tell you what we did. We knew we wanted a high point Scrabble letter. So Z was is just the very the very best, very best. And we knew that there was this yin and Yang of real estate. This kind of highly emotional portion of real estate. And then the highly financial, you know, it's the biggest transaction most people do in their lives.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[See. Yes.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:29:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right. And so we literally on a whiteboard had a column of words that were meant to imply money, lots of data, you know, analysis kind of geeky column of words. And then we had this emotional column of words, picket fence, window, door, mat, pillow.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:30:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Pillow is one of them, and in the first column Zillions Zillions of Data Points Zillions was one of them, and so we literally just started making words by drawing lines between the two columns and Zillow. We hit Zillow and there was like.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:30:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's it. That's it. Wow.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:30:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And it costs 999 to buy the URL, which I was kind of cheap and people wanted to sell ushomes.com for $5,000,000 and I was like but I can make up a word and spend 999.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:30:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And you and Lloyd initially were financing this. You didn't go out. You have to go out and and get any financing initially, right?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:30:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's that's correct. We both had resources from Expedia and Microsoft and in this really brainstorming phase of the business, we didn't need to, nor could we conceive of.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Even raising money against? No.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[All right, so from what I understand, you recruited a pretty high level team that you'd worked with at Microsoft and then at Expedia. But a year like almost a year into this Zillow venture, like you really, you weren't really kind of going anywhere.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[No, we were always going somewhere.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We always were making progress. We never had a period where.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:28 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You know, we felt stuck. We had crazies ahead.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But I mean, were any of those people like who had joined you thinking, hey, you know, we got we need to we gotta go.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Get jobs. No, no. We were having a blast and we were paying people, so it was super fun and everybody felt like we were close. We were on the cusp of of the.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And we had it pretty shortly after the failed auction. We had the the kind of light bulb moment.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[What? What? What was it?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:31:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, back to the idea of price discovery. We kept experimenting around that and at one point I don't remember who it was we were talking about how the home is so emotionally important, but it is the most.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:09 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Valuable asset for most Americans.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And this was at a time when.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[House prices were really appreciating very rapidly if.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You remember back.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Ohh yes yes.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In this, in this stage, right and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So 04/05 it was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Insane, right? So the and that bubble had burst and the stock market wasn't as interesting to people. But the housing market was on the tear, and we literally somebody basically drew a.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Stock chart on the board and said what if we could create this stock chart but have it be your house value and that's when everybody kind of inhaled simultaneously. They're like ohh, that is interesting. Like people would really be excited about that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[If people could follow the ups and downs of their home price.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yes, and everybody elses.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:32:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And by the way, even to this day, like when you apply for a loan or something, or you buy a house like you, it gets assessed by a professional assessor and that was, and I guess that was the only way you would know what your house was assessed at or valued at. But otherwise, if you just lived in the house, you, you would have.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:33:13 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[No idea what.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:33:13 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It was worth or not, a strong idea, not a very strong.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:33:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Idea the way people did it was to just basically watch the market in their local neighborhood, right, which was kind of hard to do.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:33:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But if you keep some basic tabs on homes around you or like yours that are being sold, what they're listing for, what they're selling for, it was hard to find out what they sold for. But you can see what they're listed for.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:33:36 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And people would kind of triangulate and make guesses. So they're running their own little version of the Zestimate algorithm now. But anyway, this they're they're doing math and saying, oh, that place across the street that's listed for $600,000. That's got one less bedroom. And we are. We're a little bit bigger and our views a little better, maybe our house is worth $700,000.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:33:57 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[People were doing that, but there was no resource to go to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:01 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So I'm I imagine you you were so small team right there was like fewer than 10 of you in that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[First year. Is that right?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:07 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah, that's right. And did you, I mean when people said to you so rich, how are you guys gonna make money off this? Did you know, did you have an answer to?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That question at that point or not quite yet. No, we didn't and I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Was very.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Comfortable with that, fundamentally.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:21 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We knew we were fishing in a big pond. OK, real estate, the biggest industry, OK.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:28 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah. And if you're fishing in a big pond and you have good fishermen, you're going to figure it out. And so we knew that if we could build something that consumers loved and and people talked about on the sidelines of the kids soccer games, we knew if we could attract audience, we could turn that into a business model somehow.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So the idea was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[If you could create something compelling enough.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:48 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To capture eyeballs.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You could figure out the business model afterwards.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:53 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's right. We were marketplace builders, we had marketplace mentality and and and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:57 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So we knew.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:34:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The elements of building a great marketplace, and it was unique and rich content that was difficult to find elsewhere. Having all kinds of pricing information having historical.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Transaction pricing information. Think about the stock market and and the bid and the ASK and the historical transactions and the.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Pricing and we.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Knew that that same kind of marketplace we wanted to be built in real estate, we dreamed of having a bid and an ask on every home in the country. Why not?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Why not every home in the country ought to be for sale at the right price. And so if we could somehow have a rich database of information and pricing information which would enable a new kind of digital marketplace, we knew that we were at the Nexus of something important.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[All right, so you're trying all these different things?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[How do you eventually stumble on what would become something?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That was going to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:51 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, the you know the scene, I.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Described where where we drew.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:35:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Stock chart on the whiteboard but not stock. It's your house. It's an address. That was it. That was the moment. At that point, we dropped everything else and began to figure out how.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To build that how to build something that would give anybody.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The opportunity to see what the value of their home was just like their stock portfolio, if they had.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[One that's right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So we landed on the this estimate pretty early pretty early on and further mapping on the web was still relatively new then, OK, we fantasized about having that God like that bird's eye view.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Looking down on the rooftops and neighborhoods and having low prices on having little numbers, you know, values on every roof and then having that updated every day and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:35](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We thought.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That was just a head slapping, the obvious viral killer product.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That everybody could look at their home and see the number attached to it and their neighbors home.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:47](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Fly around their neighbors for go fly around neighborhoods that they were interested in shopping it just to see, and if we could do that, we wouldn't have to spend any marketing to get people to come to the site because.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:36:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Of course, everybody would want to come. It. Would everyone just tell other people about?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It would you see what your house is worth? Did you see what your ex?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:05 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Boyfriend's house is with the one that you didn't decided not to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:09 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Marry because adults talk about really boring things like real estate. As my children have told me. Why do adults talk about real estate? Dad, it's so boring. Yeah, alright. So you have this idea. And how did you get suck in all this data and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And process it. And because you can't do, it's not one person typing each home value by hand into a database. How did?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Guys do that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:34 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, we're technology people. So big databases didn't scare us. And so it was simply a matter of doing the business deals to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[License the data, but a lot of it wasn't online. I guess I imagine in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[2005 No, not online, not online. So we went to companies whose business it was to sell this information.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To save the mortgage industry for analysis etcetera. And we came along and we.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:37:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Said hey we.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Wanna license your data as well?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So these are companies that would go to like, I don't know, the Suffolk County Courthouse and just literally take the paper documents and then just put it into a database by hand, correct, digitize it, and then they would sell that that information to mortgage lenders and Realtors and other people.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Exactly.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:20 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So that was available was it was all of it in the US available.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Most of it through different providers which we had to go cut deals with multiple providers and they were very wary of us as you might imagine, if you're licensing data, you don't want somebody to license it from you and then provide it free to consumers, which is what which is what our intent was. And so we didn't get the market.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Leader at the time wouldn't do business with us, but there were two other companies that would cause. We just kept writing bigger checks.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Lloyd and I are digging into our checkbooks to do it, but we wrote shockingly large checks early on to get the.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, you can understand.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Why they wouldn't want to give you that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[As you could argue that that would be the end.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:38:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Of their business, right? That's.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right. You know, we had to agree to stuff like not selling it to businesses.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And we wrote big checks and most most managers of of businesses. When you write a big enough check, we'll take it because they get a bigger bonus.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But say you got like the data of a house, right? That was purchased in 1960 and this is now 2005 and it was maybe purchased for 15 to $20,000.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And now it's 2005 and you had the lot size and you had some information about improvements you had to then figure out how to create a formula to value that house, right?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's where the magic was, and that's where.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:38 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's where the magic of of having people who understand artificial intelligence and can write interesting algorithms to be able to ingest data and do smart things with data and make smart predictions from data. That's what we.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Did so. This was a math challenge like you basically had to come up with a formula.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Oh yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:39:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That would enable you to give a plausible value home value, correct.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And to say formula is simplifying it. But yes, initially you know, now we run all of these, you know, galactically complex artificial intelligence models and just feed as much raw data as we can get our hands on into these.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Machines, these software machines, and see what comes out. And then of course we get to test the results every day because there are more transactions every day.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:25 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And this is 2005. And when were you planning on launching publicly launching?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Website.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[As soon as we got it done, as soon as it hits some acceptable level of bugginess, I suppose we figured we'd open it up as a beta, which was a cute way that technologists have of releasing buggy products. Say, look, you know, use at your own risk might not work as well as you want it to, but hey, it's free.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Tell us what's wrong with it.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So you start to suck in this data and process it and then run it through a proprietary formula and not oversimplify.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:40:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But it starts to spit out estimates for homes all across the country.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's right. We we do development now becomes how well our latest algorithm does in guessing home values, how much better can we get, how much closer can we get? What is the median?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Margin of error. We wanted to get it as good as we possibly could before we unveiled it.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So you launched February 2006 and by the way, was it totally stealth like did you kind of, I don't know, let the real estate industry know that this was going to come out and the all the people involved in that industry or or did you just kind?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Of put it out into.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:38 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The world completely stealth, engineered by Amy Buttinsky, our marketing chief. We used stealthiness.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[As intrigue and so and there was a lot of it, we were, you know, known entrepreneurs.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And we did a good job of dribbling out little tidbits of crumbs to get people interested, and so people were watching and waiting and wondering.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:41:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And I think it was leaked right by the wall.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Street Journal. Well, we. So we finally are ready to unveil it and I don't know if you remember Walt Mossberg. You know? Sure. He had that personal technology.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so I flew to DC to go pitch wall to should give wall to preview secret preview.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And we did that with several reporters and we asked that it be embargoed until such and such a date and wall just because he was wall kind of broke embargo by three hours and published a little bit early.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And it just the world showed up at our, you know.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That that article in the journal all of a sudden, bam. And what happened did did did it? Was it able to handle the traffic?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Can't remember exactly, but it was down by 8:00 AM. It had tipped over.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And was sad and sick and dead by 8:00 AM at the launch day. Like, yeah, it immediately crashed.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Everybody was looking to see what their.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:42:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[House is worth. That's right and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Just it just sounded.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like Walt, you know, Walt wrote about it. I can't remember what his headline was, but real estate \*\*\*\*.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Or something and everybody was curious. So they showed up. I remember being kind of curled up in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A ball on.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[David Vitel, our CTO's couch and just kind of rocking back and forth saying make the plane stop, get things back.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:20 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Up because it crashed because server.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Crashed because it crashed all these people. We knew all these people were showing up.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And seeing nothing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:28 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[When we come back in just a moment, how the Zestimate became a provocative new tool of real estate and why, after just a few years into the.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yes, Rich decided to step away as CEO, then why he came back, stay with us. I'm Guy Raz, and you're listening to how I built this.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:43:53 Speaker 4](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Support for this podcast and the following message come from the American Jewish World Service working together for more than 30 years to build a more just and equitable world. Learn more at ajws.org.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hey, welcome back to how I built this. I'm Guy Raz. So it's early 2006 and the brand new real estate platform, Zillow has just launched and just crashed because it can't handle all the traffic and rich.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Who's freaking out about it? But Amy.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Head of marketing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Amy made lemons out of lemonade on this one. She was ready for it because she figured it was going to fall over and a lemonade out of lemons for her. It was basically a round of stories saying, WOW, it's so popular, it tipped over. It just made more people want.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To come, I think you had about 60 million homes at that point. So not not every home in the US.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:53 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right. But you were adding it that information as quickly as you you have the data.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah, we figured 60.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:44:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Million was good enough out of 100, maybe a base of a.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[100.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Million those estimates.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Were good enough. They weren't great, but they were.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:05 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Good enough. I mean, just imagine.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[If you're in the market for a home, you're going to go look right, you know, because it's key marketplace information. Like what do these?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Other folks think this house is worth that. I'm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Looking.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[At what's my house worth?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I imagine when this was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:20 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A lot of people were passed off starting with real estate agents and assessors like right away, because this is like, what are you doing? Who are you? They must have been really \*\*\*\*\*\* \*\*\*.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah, I mean, I might just provoked. So the industry being provoked was was for sure certain most of the industry.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[People kind of dismissed us as a parlor trick.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[They were saying, oh, this is nonsense. These estimates are not accurate. Don't even pay attention to them.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right, exactly. And and by the way, real estate agents.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:51](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Please.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Speak our experience still do say that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:45:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And we do, but we have 235,000,000 users a month many of.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Them real estate.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Agents, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It provokes and kicks off a conversation about what real value is and the great professionals and the the forward thinking professionals in the industry.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Recognized that immediately and saw it as a tool, a tool to start conversations with clients and potential clients.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:22 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In those early days after you launched and shortly before you, you did launch, you took some outside.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:28 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Investment and I have to assume that that you had to think about how this business going to make money. So I mean, did you start to like build a team to get advertisers on board, things like that? Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:39](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yes.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Absolutely. The easiest thing for us to do is to draw Google Adwords.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:46](https://1drv.ms/u/s!AMhVeraEIITCz14)

[M.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And start generating a little revenue, which it did immediately, and then we started hiring business people to actually go sell custom ads that were targeted and relevant to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:46:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Real estate for us to experiment with running ads alongside all this traffic.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:01 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So you thought that, you know, hey, we can get real estate agents to advertise on the site. And what about other ways to? Because advertising alone would not, I'm assuming wouldn't be enough. What other ways were you thinking of generating revenue?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well it it turns.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Out when you have a big enough.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Audience advertising can work quite well, yeah. And when you can have super targeted relevant advertising in the product experience, it isn't viewed as intrusive or advertising by the consumer. It's actually viewed as valuable content. And so a real estate agent.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:38 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Advertising alongside a listing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To say, hey, if you have questions about this property, give me a buzz. Here's my number. Well, that seems helpful and it is helpful. And it's advertising too.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:47:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah. And what about was there part of the the idea initially was let's eventually get into the business of selling homes to that to that?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:00 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Because that was initially the idea, let's do auctions. But now you're listing home prices when you're starting to think about, OK, maybe we can do this digital real estate thing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, our dream right from the start was to bring e-commerce to real estate, right, with right through to the trans.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Production and to take all this kind of frustration and inefficiency and scariness out of the transaction. And so our way in was through search and find in this estimate and kind of the the turn on the lights in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The room.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Aspect of the kind of first era of Zillow and that worked extremely well.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We had a great business model based on that, but the hard work of digitizing the transaction and turning this into a proper e-commerce transaction that's just begun. So it's exciting.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Rich, while you were launching.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:48:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Co-founded Glassdoor, which is another similar kind of site where you can go and see what companies pay their employees, and it's a review site on businesses. Some people hate it, some people love it. Are you just? I don't. Do you do you have, like, an attention thing? Like could you have?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:49:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like what's going on? I've always liked to do lots of things and we had just such a great.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:49:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The kind of Microsoft Expedia diaspora, such a talented group of people that I loved and one of those great people, Robert Holman, who had been a development manager at Expedia.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:49:28 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[He had left and he was a gamer, and he had spent like six months in his basement playing StarCraft or something, and his wife had had it. She's like, rich, you got to help me get Bob out of the basement. And so Bob and I started brainstorming about new businesses. And we landed on, you know, this is Bob.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:49:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You know Bob's baby we had in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:49:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[On Glassdoor and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:49:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I helped him out. Wow. You know, provocation is a fantastic marketing strategy. I've had many companies now where I've, I've used this as a tool, being able to see what.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:50:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Salaries are at different companies for different jobs. You could call that creepy, or you could call that just and fair and transparent and and empowering.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:50:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So back to to the Zillow situation. I mean, not that long after you launch stock market crashes, it turns out that the housing market in the US was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:50:20 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Really, all of a sudden it collapses when you started to see that in late 2008 and certainly began really began to hit hard in 2009, 2010, first of all, what happened to your business?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:50:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, we were still pretty small. We didn't have much business to be at risk, but we were very concerned about you know, the next few years ahead.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:50:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so it was an incredibly scary time and quite a shock. Truthfully, our traffic held up quite, quite nicely throughout the whole thing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:50:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But because of massive uncertainty around business model and the pretty high expense burn rate we had, because at the time we had about 150 people at the company, this was the most difficult six months of my professional career because we had to downsize the company.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Good to let go of people because.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:13 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You saw a drop in your revenue.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Our revenue did drop, but the scarier thing was that we didn't know when and how revenue was going to come in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:21 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The future?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[When it was.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I kept a diary at the time. It was pretty tough. I mean, these were people that, you know, I loved and.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Gone through a lot of hard, hard work with in the trenches and you know, we had to. We had to let them go. It was a learning experience and it turned out to be a a fairly short.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Bump in the road for the company, but it was tough time.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:51:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[When the the bottom fell out of the housing market in the US, homes lost like $2 trillion in value, right? So all of a sudden Zilla is not that fun to look at. You're just watching your house like tanking value. It just kind of explain to me how zillows.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:52:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like prospects are tied to the real estate industry at that point. I mean, and maybe still to this day are they are, are they joined at?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:52:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The hip? No, not at all. And it's because the big trend is the move from the old way to the new way, from the offline difficult legacy to the new.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:52:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To digital efficient, pick your vertical industry. That is the history of the last two decades of technology. Taking offline things and moving it online. That is what drove has driven 0 right from the start and that trend exists regardless of the minor ups and downs in the housing market.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:52:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[All right. So you, you're now like?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:52:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Five years in, so I guess is getting ready to go public in, in 2011, you were the CEO of the company.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:52:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And right before you do go public, use around. Then you step down and the title CEO goes to Spencer Rascoff. It was a a co-founder of yours. Why did you why did you step down?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:04 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Were.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:04 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You just bored. Were you looking to?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Do something else. No, Spencer was ready.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To to run the company and he was excited to take a company public. I had had that experience and knew.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The joys and woes of being a public company CEO and taking a company public.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so and I had a lot of things going on and so we decided to switch chairs around a little bit and I kicked myself upstairs to executive chairman. I didn't leave the company. I was still an executive. The company as chairman. But Spencer took over the day-to-day leadership.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I think you come back to on the company in 2018.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And Ju grew a lot. Obviously it's public publicly traded and there was lots of acquisitions, including of Trulia and and other some other brands. Why did you return to to the CEO spot in 2018?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:53:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We had accomplished the kind of first fall summit that we were after in.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Amassing a huge audience that we empowered with information they hadn't had before, but as we are speaking about before, we had not yet streamlined and integrated and digitized the transaction itself.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And that that we kind of all decided that that new mission required a set of skills out of the captain that we're more like a start up.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:28](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And so Lloyd and Spencer and I all kind of decided that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This was the.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[A good opportunity for me to come back and put my hands on the.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Wheel.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[One of the things that I don't know if you you were sort of overseeing if it started before you you returned, was this this new product you offer was like called Zillow offers where basically people can offer to sell their homes to Zillow directly and Zillow can acquire the home?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Fix it up and then resell the home and this is.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:54:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Now something you offer, right?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's right. What we're basically trying to do is solve the frustration problem that anybody out there who sold a home has gone through and knows well.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Which is how much is it going to sell for? When is it going to sell? How many people are going to come through my house and not wipe their shoes and use my bathroom and go through my class?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And and by the way, how am I going to line up the timing to get into the new place because I'm moving somewhere? It's a fraught and emotional and financially fraught process, right? And so we saw away with Zillow offers to offer a service kind of a market making service to say, look, we're going to give you a fair price.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[For the house.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So that you can pick your date and timing. You don't have to have anybody other than us come through your house.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:48](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You can get your next house all lined up and then on a date of your choosing, magically click your heels and push a.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:55:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Button and so basically Zillow buys a house from the the seller. And what I mean does that mean it eliminates a lot of the transaction costs?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We basically can eliminate a bunch of the transaction costs and streamline the whole thing because there's a bunch of waste in the process, but we do charge a fee for the service we charge around, you know, 5 to 7%.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Of the transaction to be the market maker.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So the value.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Proposition is not necessarily saving money, it's just saving the hassle of like open houses and and that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Stuff correct. Eventually, as we scale, maybe it's maybe it's saving money too, right? Eventually, you know, maybe it's.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Not rich, I'm curious cause you also have to manage a constituency that you also depend on.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:39 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like when you had Expedia, there were lots of travel agents who?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Were mad about.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It well, you could argue. Look, that's technology guys, you know, this is the way the world is going and there are some very successful travel agents today who provide very high level service.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:56:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I have to imagine that real estate agents didn't like this, but they are also a constituency that you need because.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:57:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You know you work with them, so talk about managing that relationship and and how you assure them that you're not going after their turf.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:57:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Like it's not as tricky as it might seem. The future for those who care to look is pretty clear. The trends are pretty clear.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:57:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You know the consumer wants access and control, the consumer wants less frustration. The consumer wants 3D shopping and wants to be able to go visit the house as many times as they want to use their Zillow iPhone app to let themselves in. This is what the consumer wants. OK, great. Real estate professionals absolutely know that as well, like.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:57:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You're mistaken if you think we're trying to replace the agent and replace the industry. We're literally just trying to give consumers a better experience and let them choose the door they want to go through and we're we're there to help them.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:57:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:57:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[No matter how they want to.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:58:00 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I'm I'm wondering about this past year, the pandemic because it's actually your stock price is just like skyrocketed along with other companies. And if you will, does that have to do with the way consumer behavior has changed during the pandemic?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:58:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, I guess.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:58:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In part guy, but I guess the the first thing I'd say to that is that obviously the company isn't in reality that much more valuable in the space of one.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:58:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Here which just highlights how the stock price is not the business. The business is the business and in the long term, the stock price reflects the business.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:58:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Warren Buffett likes to say in the short run, the stock market is a is a voting machine, a popularity contest in the long run, it's a weighing machine. It's how much what? How big is, you know, how how much of A business did you create? And so we try not to focus too much on that now.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:58:51](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Right.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[All that said.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Pick your trend, be it business, political, social, pick your trend that pre existed COVID and I'll show you something that was accelerated by at least five years during.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[COVID.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And and this transition from offline to online, from legacy to digital.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[It was in in real estate, it was accelerated, just like e-commerce was accelerated for Amazon. And just like, you know, Netflix became even more essential.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And has it changed the way people are buying homes like?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I mean for presumably.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Because it's still. You go on there and and there's, you know, your home value. But let's say you want to buy a house. Like does it change how people are using your platform?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, they're using it a lot more, just like they're using Netflix more. It's more important. They're they're not only being entertained, but everybody wants to move. But more interestingly, even than that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[00:59:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Is that all of these digital tools that we've been using for safety purposes during the COVID?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[So 3D touring, remote touring, digital closing like I don't want to show up anywhere to sign the 300 pages of documents that happen at a closing. Let's do that all digitally. OK, so all of this was required for safety during COVID has been and still continues to be.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[But of course, all of these things are going to be the convenience of going to be demanded as convenience in the future. Post COVID. So yes, we move towards e-commerce in the real estate business has been accelerated dramatically.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Rich, I know that you guys have introduced a whole bunch of different offerings you've.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Rental listings now and and other kinds of of listings that were that generate revenue, but Zillow has is yet to turn a profit. Is that just part for the course from from your point of view like well you know it's.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Just going to take some time. Well, of course I want to show a profit, and we've actually recently.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:57 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Had a few quarters that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:00:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[We have, you know, I just because I'm such a I dream so much about what can be in the future.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:06](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And as long as we as a team and our investors truly believe in the long term growth opportunity, investors are more than willing to take, you know, not much profit in the short term for a chance at a much bigger business in the long term and look no further than Amazon or Netflix or.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:27 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Most people uncomfortable with this topic and as you probably know as a listener to the show, I'm uncomfortable with almost nothing. You have more money than than you will ever need, and for many generations after, what do you plan to do with it?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Well, it'll be fun to give it away.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Have you started to do that yet or or not? Not quite yet.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Oh, yes, yes. I mean I I would say we're we're fairly mature philanthropist, Sarah and me.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:46](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:01:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[When we sold Expedia, we created a Family Foundation, so this was a long time ago, though this the scale of our philanthropy is increasing dramatically and we'll continue to do so and that's.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:05 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[You know, that's very exciting to me and it's exciting to Sarah and it's hard to do well. Yeah, we're very focused on criminal justice reform. So that's been the primary focus of what we've done. But we will do a lot, a lot more.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In the future, when you, when you think about your journey and all of the things that you were able to do, you know and and the opportunities you had.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Do you attribute your success to how hard you work and how smart you are? Or do you think more of it has to do with luck? What do you?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:36 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Think. Yeah. I mean, I'm a grateful guy. I feel like I have been consistently lucky.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To team up with such an insanely smart and hard working bunch of people who kind of.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:51 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Who knew who?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Knew magic that that I didn't necessarily know and that.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:02:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[I've always been good at painting a a mission that was exciting that I felt I was passionate about and so passionate leaders have come to join the team, but there's really I'm having so much fun doing this. We really are on the cusp of of changing.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:03:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[The biggest industry there is.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:03:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[And I am lucky I'm not just being coy when I say I really love what I'm doing and I have no plans to do to do.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:03:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Anything else?](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:03:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's rich. Pardon, co-founder of Zillow and Glassdoor and founder of Expedia. By the way, traffic to Zillow skyrocketed this past year.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:03:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[In 2019, the site had 1.5 billion views, but it rose to more than 9.6 billion views in 2020.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:03:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

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[01:04:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[That's at how I built this NPR or my personal account at guide dot Raz.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:04:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This episode was produced by Casey Herman, with music composed by Ramtin Erebuni. He was edited by Neva Grant with research help from Gareth Gales. Our production staff includes JC Howard, Rachel Faulkner, James Delahoussaye, Julia Carney, Farrah Safari, Liz Metzger, Janet Ujung Lee, and Annalise sober.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:04:36 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Our intern is Harrison, Vijay Choy and Jeff Rogers is our executive producer. I'm Guy Raz, and you've been.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:04:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[Listening.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:04:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[To how I built this.](https://1drv.ms/u/s!AMhVeraEIITCz14)

[01:04:53 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz14)

[This is NPR.](https://1drv.ms/u/s!AMhVeraEIITCz14)