# Audio file

[Fitbit James Park 2.mp3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

# [Transcript](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:00:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Hey, it's guy.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:00:00 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Here and before we start this brand new episode of how I built this, I just want to let you know that we started a regular video conversation every week with different founders to talk about the creative ways that they're building resiliency in the midst of this crisis. Last week, I talked to six incredible chefs from Daniel Hume of 11 Madison Park to Alice.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:00:20 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Waters of Chez Panisse and Jose Andres, who's been donating meals through his nonprofit World Central Kitchen. You can join the conversation and ask your questions by going to facebook.com/how. I built this and you don't need a Facebook account to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:00:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Watch this week I'll be talking to Tim Brown and Joey Zwillinger, the founders of all birds, and also to Stuart Butterfield, the founder of Slack. You can join me on Wednesday and Friday at noon Eastern, 9:00 AM Pacific by going to facebook.com/how. I built this and hope to see you there.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:00:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I was sitting in my hotel room in Singapore and I was I was testing out one of the prototype builds and the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, range was not good at all. It was supposed to have a ranged well that was the hope that would have 15 to 20 feet range, but the range was actually like 2 inches.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[What 1010 feet or 15?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[God, we've got to ship this holiday season like I've got 10s of thousands of these people waiting. Oh, and I'm thinking, wow, this is it.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We're done.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[From NPR, it's how I built this a show about innovators, entrepreneurs, idealists and the stories behind the movements they built.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I'm Guy Raz. On the show today, as the Nintendo Wii inspired James Park to build a device and then a company that would have a huge and lasting influence on the health and fitness industry. Fitbit.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:01:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So it's taken me a few weeks to get motivated about exercise. This whole pandemic thing just had me in a state of anxiety and it messed with my routine. But I was inspired to jump back into it about two weeks ago after watching my 11 year old proudly announce his daily step count recorded on his Fitbit now fitness.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:02:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Isn't all that important to him. He's 11.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:02:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But the gamification of fitness, the idea that it could be fun to hit 5000 or 10,000 steps a day, that's what matters. This is the stroke of insight James Park had soon after he stood in line at a Best Buy in San Francisco to buy the brand new video game system called Nintendo Wii, and you'll hear James.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:02:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Explain the story a bit later, but what he realized by playing the Wii is that you could actually change human behavior around exercise if you turned it into a game.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:02:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And The thing is, up until James Park and his Covenanter Eric Friedman founded Fitbit in 2007, there really weren't any digital fitness trackers that were designed that way. It took a few years for James and Eric to gain traction, but by 2010, 2011, Fitbit took off at one point, their fitness devices.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Accounted for nearly 70% of the market and by 2015 the company was valued at more than $10 billion. But that same year, the Apple Watch was released, and Fitbit and its market share got hammered.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:25 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[When I spoke to James Park a few days ago, he was in San Francisco, living in an Airbnb.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I'm in a temporary Airbnb because my the place that I typically live in has been flooded out by a malfunctioning washing machine. I woke up at 1:00 AM.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[In the middle of this whole thing, you had a flooded washing machine, went like you woke up in the middle of the night and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[There was water everywhere.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I know. Amazing timing. Yeah. I woke up at 1:00 AM, and I just woke up to the sound of water gushing everywhere. It was coming through the ceiling.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Being it was a massive flood.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:03:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK. So on top of sheltering in place and running his company remotely, James had to move out of his apartment in the middle of the night and then set up the microphone and gear we sent to him for this interview. He started to tell us about his parents, who emigrated from Korea when James was 4.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:04:15 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Back in Korea, his dad had been an electrical engineer and his mom was a nurse. But as with many immigrants, they had a hard time getting those same jobs in the US so instead, his parents became small business owners.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:04:28 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The the first conscious memory I have is my parents actually owned a wig shop in downtown.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:04:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow. Yeah. How did that? How they get into that?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:04:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It was just it was just.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:04:38 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[A way to kind of earn a living. Yeah, I think a way to earn a living. And you know, the typical immigrant story is you have friends who live in, you know, the country that you're immigrating to. And I think my dad had a friend who worked in week wholesaling. So that's where he started out.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:04:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[They were selling wigs to people who live in downtown Cleveland. African Americans, mostly women.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And I remember my mom. She'd spend a lot of time just looking through black fashion magazine styling hair, beating them, etcetera. So they had a wig shop, dry cleaners, a fish market. At one point, we moved to Atlanta and they ran an ice cream shop there and we sold track suits, starter jackets.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Fitted baseball caps. You know, thick gold chains.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Sort of hip hop. Urban wear, right. Like food. Yeah. And stuff like that. Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah. Yeah, yeah, yeah. They sold FUBU jeans. Yep. I remember that. And they could switch from one genre, one type of business to another and really not skip.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:35 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[A beat, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And will your parents? Do they expect you to perform well at school? Was that just a?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Given.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, I think they had an incredibly high expectations and as a kid.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I think I remember my mom telling me when I was pretty young. I don't know, 567 that she expected me to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Go to Harvard. So wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:05:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I didn't. I didn't. I don't think I quite knew what that meant back then. But you could tell that their expectations were pretty high from from the very beginning.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:04 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[James did in fact meet his moms expectations. He did go to Harvard, he put in three years studying computer science, but after his junior year, he got a summer internship at Morgan Stanley and then ended up deciding to start his own business. And then we had hoped to finish his college degree. He never went back.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, I always had a little bit of a stubborn streak and that was when I was trying to figure things out, try to try to think of ideas. I think there's a lot of opportunity, a lot of problems to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Be solved and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:34 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I was also looking for a Co founder at the time, so those are two critical ingredients and idea and a.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Co-founder.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[This is 1998. This is not.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[2015 when these kinds of conversations seem so common like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[This was unusual in 1998 for a young person, it was just less common for a young person to just sort of say I'm going to look into a tech startup and try to find a founder and just take some time to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:06:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Think about these things like I.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:01 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I I would imagine your parents were nervous. I'd be nervous if my 20 year old said to me. I'm not going to go back to college and I don't really know what to do. I'm going to think about it.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:09 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yes, OK.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, they they were understandably pretty upset, angry even, I'd say. And you know, the irony is that they probably took away more incredible personal risk moving from Korea to the United States. And, you know, running these series of businesses which are commonly done but but not easy.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[No.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:24 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[In themselves and in pretty high risk. But I do understand obviously the perspective at the time.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK, so you.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You decide you want to start something up and I think you you eventually landed on on e-commerce, right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:07:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, that was not a groundbreaking thing at the time. Obviously Amazon was around, etcetera, a lot of e-commerce startups, but you know, settled on this idea of making e-commerce a lot more seamless and frictionless and came up with this idea of a electronic wallet that would automatically make purchases for you.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Could work with a lot of different e-commerce sites, and you know the goal there was that we would take a cut of.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Of every transaction.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:11 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right. And what was the company call?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That was interesting. We we originally named it Kapoor F. That was how it was incorporated until a lot of people said, you know, that might not be the best name for a company. Sounds like, you know, we we called it Kapoor because it sounded like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Magic, etcetera, capoocan.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:28 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Things were done. You know your transaction was completed by CARPROOF.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That sounds like come poop. Come poop. Your money is gone.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, exactly. So exactly time of crazy names like Yahoo, etcetera.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You have no more money.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That we decided to change our name at some point and we changed it to apathy, which was Swahili for fast. And so that was the that was the ultimate.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Name of the company.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And and you guys were actually able to raise a fair amount of money, right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:08:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We did. We ended up raising a few $1,000,000 from some individuals and some from some venture capital firms as.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And we hired some people. We found a cool, renovated Firehouse. So that was nice. Really, really amazing. Place to to hang out in for many, many, many hours of the day. And we hired up to it was close to about.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:09 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Nice.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[30 people. Wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[One super important thing that happened there was you met Eric Friedman.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:22 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like the guy that you eventually launch Fitbit with?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I did. And you know, that's probably one of the more fortunate turns in my life here.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:25 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Ah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like we, we didn't know each other at all before. Before the company embassy, he was actually just graduating from Yale and computer science. And I interviewed him. I I liked him a lot, and he ended up ultimately becoming the first employee of the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Company.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK. So you hire Eric, I think the company lasted like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[18 months or or a little.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Less than two years.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:09:53 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah. Yeah. About about two years and a lot of ups and downs during that period. And you know, if I had to think back, I would attribute 2/3 of of the challenges and problems we faced as a business to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:10:07 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To myself, just because I had never managed people, I I didn't really know how how to run a business even it was only the technology side and you know at some point that, that, that com crash happened. Yeah. And all of our potential customers, the whole industry and the whole economy started taking a downturn.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:10:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So this company sort of spurs out in 2001 and when that happened, were you, did you think, OK, I should go back to college now and finish my degree or?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:10:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I gotta start something else. Where? Where was your head at that point?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:10:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Well, it was a really challenging personal time for me, you know, had towards the end of the company, we obviously had to lay off most of the company and trying to do it in a way that was, you know, compassionate was really.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Really difficult. I don't think the thought of entering school or going back to school popped back into my head at all. And and I don't know why I think it was because despite this, this very emotional failure, I knew this was what I wanted to do.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I had a firm conviction about that, and so I I knew I wasn't going to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Go back. So would you do?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So we all ended up working at the same place. Actually it was a company, a pretty large company called Dun and Bradstreet at the time. Very stable company and we were all pretty fortunate to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Be able to find work there as.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Years.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So daytime working at Dun Bradstreet. And then what? At night, sitting around just kind?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Brainstorming. Yeah, it was. You know, we go into work during the daytime, and then we'd we'd come home in the evenings, code different things, try different things out, you know? So it's like, pretty intense work, I think, in terms of the numbers of hours. I don't think anything changed from our first startup to to trying to figure this. This next one out.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:11:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Of.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Before too long.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:04 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Do you decide to to do another startup this time with Eric Free?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Woman from your previous company and then another guy named Gokhan Kudlu. I think this was what 2003, 2000.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[42000 this was about 2002 actually.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:15 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK. And this time the startup was like a a photo editing kind of platform like sharing platform. What what was it called?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The company's name at the time was called Hypex, and the product itself was called Electric Shoebox. Because you know, a lot of people put their old photos in shoe boxes and this was just going to be a digital of it. Your digitize them probably. Yeah. And so, you know, electric shoebox is just going to be a digital version.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yes, I still have them in shoe boxes.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:39 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I should I know.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Of your shoe box.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And and what could you?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:12:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Do well, there are digital cameras were were coming about back then. It still wasn't easy to to connect them, upload photos like it was getting easier, but nowhere near what it is today obviously. So the whole idea of electric shoe box was to make the whole process of getting.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Photos off your camera a lot easier and more importantly, we wanted to make the process of sharing these photos with your friends and family a lot.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So did you raise money for for the product, for the electric shoebox?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We did. We ended up raising money primarily from one of my friends from middle School who was a mutual fund manager in Boston. And so he put in a bit of money, not a lot. I think about at least for him, it was about 100,000.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And we had a bunch of savings ourselves that that we were going to use and in anticipation, I also opened up a few more credit cards as well.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And it was just really the three of you, like sitting at your computers and just tapping the keys like all night.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You you pretty.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:51 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Much nailed it. I I mean all we did was.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:13:53 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Because we would wake up in the morning, walk over to the third bedroom and just start typing away for 12 hours, we take meal breaks. I remember Eric did a lot of cooking so we'd eat our dinners on some TV stands, watching TV. That was a a good break for us, watching Seinfeld and then go to bed.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And then repeated the following day.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[All right, so.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:17 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You come up with this product and by the way, how are you going to make money off of this thing? This is a free service, a free how are you gonna pay for?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It it was, I guess what you call it would be called freemium software, so it would be free for a period of time and then the trial period would end and then you'd have to submit your credit card information.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Continue using the software. Yeah, got it. OK and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So our our.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Primary goal was making sure that a lot of people knew about the software, so we we put it on shareware sites etc.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And then we spent a lot of time debating, you know, should be sent out a press release. And I I remember it was a huge debate because send me out. A press release was going to be about $300.00. And that was a that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:14:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That was the level of expense that required a vigorous debate at the time. So we said, you know what, without getting the product known, you know, how are we going to be successful?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:03 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So we we wrote up a press release.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yes. And we we put it out and actually it was probably the most pivotal decision we ever made in in that company's history, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The first e-mail came in a few hours later. I think the second one came in a day later, but we got 2 emails, one from CNET, which is a huge digital publishing company and then we got another e-mail from Yahoo saying, hey we we just heard about this launch of this, this software.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And you know, we'd like to talk to you guys more.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:43 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[About it. Wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Exactly this is coming from their corporate development arms, which typically you know deals with M&A with with buying buying companies. Yeah, exactly like, whoa, this is magic. How did this happen?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Fine.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:15:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[2005 it gets purchased by seeing it. They make an offer to buy this company, buy this product from you guys and you sell it to CNET. Was that was that life changing money? Did that mean that you never had to work again?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:16:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It was. It was definitely a good acquisition for for all of us at the time. You know, remember there were three guys working out of our apartments. I was at the time about $40,000 in credit card debt as well. So we were we were down to some desperate times and we were negotiating.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:16:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Numbers and they threw out a number which was, you know, their first offer was 4 million and wow, wow, that's that's amazing. Like, God, I can't believe we built something that's that's worth this much at the time. We were just done.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:16:41 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:16:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And then we quickly got to OK how do we negotiate something better?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:16:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So you sell your company to CNET in 2005 and you've got some money in your pocket and and you moved to San Francisco to work forcing it. And did you enjoy it? I mean, it was probably like a huge.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:17:09 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Company at this point, right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:17:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It it was a huge company, but I think the moment, at least for me, that I moved to San Francisco and I instantly fell in love with the city and seeing that even though it was a larger.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:17:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Me, I actually found it to be an amazing time. I I learned a lot. You know, I got some.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:17:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Management training, right? I ended up managing a A small team of people, learned a lot about how technology scales to millions and millions of users, how you market products. So I I really enjoyed my my experience there. I think it was pretty formative.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:17:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So why did you leave CNET?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:17:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So you have seen that just because of I guess you could you could call it a bolt of lightning in some ways it was December of 2006 and Nintendo had just announced the Nintendo Wii and I remember.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Coming home, putting it together.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And at the time, Nintendo had come up with this really innovative control system using motion sensors, accelerometers to serve as inputs into a game, and after using it, especially in in, you know we fit, which was a sports game. I thought, wow, this is, this is incredible. This is amazing. This is magical, like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You can use sensors in this way you can use it to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Bring people together, and in particular we fit. It was a way of of getting people active of, of getting them moving together. And I was just blown away by this whole idea, really excited about it. I couldn't stop thinking about it.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And after some time of playing, we Finn and the Wii and a lot of other games, I thought, you know, this is great, it's it's in my living.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Room.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But what if I want to take this outside of the living room and I kept thinking about.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That idea like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[How do you take the Wii Fit?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:18:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Outside. Outside. Exactly.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow. So I could have let it go. And I ultimately ended up calling up Eric.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, we, we started talking about this idea for for hours and hours and we couldn't stop talking about. It's like, how do we capture this magic and and make it more portable? How do we give it to people 24/7? And that was really the genesis of of Fitbit.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So the technology, I mean pedometers have been around forever.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:28 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right. Was that your sort of where your head was was going or thinking? OK, maybe we just create like an electronic pedometer. But I think even electronic pedometers were around in 2007, right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, pedometers were definitely around back then. Actually, they had been around for probably 100 years. One of the things though is that they want something that people would want to use or to wear. They were very big. They are pretty.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Ugly. They look like medical devices.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:19:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[A lot of senior citizens were, like, used them.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, they weren't very aspirational, right device. So, you know, wasn't something that people were excited to use. And so I think that's why that whole category of device just never really had any innovation. And they're also much higher end devices. You could buy much fancier running watches.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:07 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like GPS, watches, et cetera. But those are really expensive for people. There are three hundred $400.00 at the time.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:25 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Hmm.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So you you have this idea and that means you have to raise money and this is the going to be the third time now that you've had to do that for.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:34 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[On this and I think I I read that you raised like $400,000 to launch this and I don't I mean I don't know a lot about hardware but that doesn't seem like it was going to take you very far in in big building a physical product.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[As we quickly found out, yes, we had grossly underestimated it. The cost of of taking this to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:20:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Market and and what? What did that initial amount of money? How far did they get you into actually conceding of what this product was going to be?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It got us to a prototype, right? Some rudimentary software get some industrial design concepts done and some models it looked absolutely nothing like, so there. There are two things. There was a actual, somewhat working prototype.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And one of the prototype look like was it did it look like a Fitbit?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And then there is an industrial design model.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:28 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Which is a piece.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Of plastic, plastic and metal that that was supposed to look like the ultimate product. And so that actually looked really, really nice. Yeah, it was totally non functional. We always have to tell people before this. This is this doesn't work because they get all excited looking at the model, right. No, no, no. That doesn't work. The thing that actually worked.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:31 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right. OK. Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:36 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But it didn't work because it was just a. Yeah, right. Yeah, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Looked like something that came out of, you know, a garage, literally.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:51 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[What did it? What did it?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:52 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Look like it.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:21:53 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was, you know, rectangular circuit board a little bit smaller than your OK and it had a motion sensor. It had a radio.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So it had a microcontroller which was the brains of the product and it had a rudimentary case which was a balsa wood.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yep.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Box. Wow. So you would take two investors, a circuit board and a balsa wood box as your prototype.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That that was the prototype. And actually that was what we had demoed when we first announced the company. That was the prototype. That was actually being used at the announcement.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:27 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow, how did you even get it to that point, like, because you guys are both software engineers, how did you develop a physical product that even even a such a crude?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Prototype could track movement. Did you have other people help you do that?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:22:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, that was your big task, was to find the right people who could help us. So I knew the founder of a really great industrial design firm in San Francisco called New Deal design. His name is God dammit. And then on the algorithm side, because it was going to take a lot of sophisticated algorithms to translate this motion data to actual data that users would be able to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:02 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Under.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And I ended up asking my best friend from college, Ed, because he was in grad school at Harvard at the time. And he said, wait, I I think I might know somebody, and it ended up being his teaching fellow. His his name was Shelton and we we talked and was like, wow, this guy's super smart. We need to get him.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Working on algorithms so he ended up working on the side while doing his PhD, helping us out with a lot of the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:24 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Software.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:31 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So I mean, you leave CNET in 2007 and you've got 400,000 to come up with a prototype that that I quickly run out of that. So it's 2008 you're trying to raise money and how much, how much did you raise and?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I think our first round was about $2,000,000.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Which was not going to take you that far if you wanted to develop a physical product that was super sophisticated, a piece of hardware.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:23:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We thought we could do it. We thought we knew a little bit more about the hardware business. We put together another business plan budget.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:01 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, it was, it was actually a pretty challenging time to raise money as well because exactly it was the fall of 2008 when we're trying to raise raise money and, you know, one of the, I guess, the good and bad things about VC's is the good thing about VC's. They're incredibly healthy people, they're super fit, but it also.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Ohh, the financial crisis, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:21 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Made it difficult for a lot of them to understand the value of the product because what we're trying to do was it wasn't a product meant for super athletic people. It was really meant to help.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Normal people become more active, become healthier, et cetera. And it was hard for a lot of them to grasp why that was valuable. They'd ask. Well, did it do X, or did it do Y? And did it do Z? And we'd say no, it it doesn't do any of that. And so it's very difficult for a lot of these superfit VC's to understand the value of the product, even though a lot of them claim.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[They don't try to put their own bias on these products. It's naturally human to do.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And did you?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:24:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Know right away that this is going to be and now they're Fitbits are are are watches mainly right that their wrists are on your wrist. But at that time.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You were thinking that this is just going to be something you would clip to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Your your clothing.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, something to clip to your clothing for men. And then what we found out and talking to a lot of.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Women.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was that they wanted to tuck it away somewhere hidden. They didn't want people to see it. And we said, OK, where would you want to put it and said, well, a lot of our pants don't have pockets, so we can't be in.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:23 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Pocket, and so the preferred place was actually on their bra. So a lot of the physical design that we had to think about in the early days was how to come up with a product that would be very slim, slender and clipped peoples bras and hidden and clipped the bras pretty easily.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:34 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And hidden.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And by the way, how did you come up with the name Fitbit?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:25:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That was, you know, it's never easy to name a company, and it's even more challenging just because of domain names, right? That's some that's typically a lot of the limiting factor and in naming a great company. And so we would spend hours and hours and days.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:26:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Just going through different permutations of names some and some awful ones as well, like. At some point we got onto a fruit theme, so we were thinking like fit Berry or Berry fit, or fit Cotto or, you know, just some, just some really awful names. And, you know, when you the 5th Caddo, yes, history might have turned out.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:26:22 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Fit Caddo.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:26:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Not not differently for sure. So I was just taking a nap in my office one afternoon. I think I was actually napping on the rug because I was so tired.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:26:36 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And I woke up and it just hit me. It was it was Fitbit.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:26:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And the next challenge was actually the domain name. The domain name was not available and it was owned by this guy in Russia.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:26:50 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And like, Oh my God, how are we gonna get this domain name? We'll just we'll just e-mail the guy and see what happens. And he said, well, how much are you willing to offer? I said, oh, God, I I don't know. How about, like, 1000 bucks. And he's like, oh, how about 10,000? And I said, oh, I don't know, that sounds like a lot.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[How about 2000? And he's like ohh, OK.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[2000 deal I I think I was literally like two or three emails that we sent back and forth in this negotiation.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Probably the best $2000 you ever spent in your life, except for the 300 you spent on the press release a couple of years earlier.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, yeah, yeah, definitely, yeah. Definitely a good return.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:27 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You've probably spent many millions of dollars on other things in your life that were not as good of a deal as.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[$2000 it's 10s of thousands on, you know, naming consultants and focus groups and trademark searches. And and all of that. So it's it's kind of funny.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:33](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Sure.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Hey, as they say, small companies, small problems, big company, big problems.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Exactly.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:48 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So where do?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:49 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You begin. I mean, you gotta make you gotta find a factory. You gotta find designers. What do you where do you go?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:27:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, yeah, very good, very good question. So we obviously had zero connections. The challenge though was not actually the connections to the manufacturers, but finding a man.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Facture, who we could actually convince to build this product because we didn't have a background in hardware. Yeah. And so would they actually want to work with us? That was the the biggest concern at the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:08 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:13 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Time. So how did you find?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:21 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Them we went out to China, we we went out to Singapore and we were never going to be able to get the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Foxconn's the world.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You had to go a smaller place.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You had to go to a smaller place. You'd be more nimble, more flexible. Who'd who'd want to take a financial risk?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:36 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And we finally found a great manufacturer based in Singapore called Racer Technologies and and the good thing is actually is the best of all worlds, the headquarters.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was in Singapore.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Most of the management team and the engineering staff was in Singapore, but they had manufacturing facilities that were in Indonesia, so the labor there.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It's going to be lower cost than in Singapore.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:28:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[All right. So so 2008, you've got the name Fitbit, you go to Tech Crunch to present to kind of like, you know unveil this product.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:07 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And what what was the?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Product that you were offering, we said alright, we've got to sync all the Fitbit and it does this. What did you. What did you say it did at that point?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So our pitch to the crowd at Tech Crunch and ultimately to our consumers was that it was a product that would track your steps distance.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Calories and how much you slept and would answer some basic questions about your health. Was I active enough today? Did I get enough?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Sleep. What do I need to do to lose weight, etcetera. And you know, one of the more important aspects was this idea of a community as well. Join other people who own Fitbits, your friends and family. And you could compete with each other. And it was all wireless. Like you don't really have to do anything. All you have to do is wear this device. You don't even think about it. And.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[All this magic would happen, so that was the promise of of 15 at the time.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:29:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[There was a lot of excitement there, but I'm wondering.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:01 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Were you?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To do these presentations.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That you have to like prepare like crazy.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:07 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Or.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Or did you just find your ability to, like, be this person you had to be on stage when you got up there?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I think there was no other choice. So it was just something we had to do. And, you know, I think you know comment.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Are you better at it than Eric? Or is Eric better at it?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Than you I think we're both good in our in our different ways. It just fell upon me. I don't even know how we decide. You know those.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Things, but actually what was running through our minds was not what we were going to say and how we're going to say it, but whether the demo would actually work on stage, cause again it was it was a little sketchy. It was still very early. It was on. It was still in the in the wooden box.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:38 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[All right.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And the balsa wood box, right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Also, what box face? So we're just worried that the demo would just fail or crash that that was.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:53 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Did it work?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:30:55 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It worked and actually it did crash in the middle of the presentation because the whole demo was about me walking on stage. The device would be collecting stats and at one point I would turn to Eric and say, hey, Eric, why don't you refresh the page and show that all the stats have been uploaded magically do this wireless connection and so the demo actually crashed while I was talking and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Eric was furiously trying to reboot his computer during his.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:18 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And I don't even know anything about.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But ultimately, you know, the demo did work, and so to to many people it seemed like magic. Yeah, literally. People started clapping. It was, it was really amazing.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So originally, right before Tech Crunch, Eric and I, you know, we made just a verbal bet. Hey, how many pre-orders are we going to get after this conference? And we announced to make.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Company public and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And I think Eric said, I think we'll get.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like 5 pre-orders.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So it's like the device isn't even available. People are gonna have to give us a credit card information. And I said, Nah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So what? I'm not as pessimistic. I think there's going to be like 10/15/20 and so we got off stage and by the end of the day we had about 2000 pre-orders.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:31:59 Speaker 4](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:32:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[When we come back in just a moment, James and Eric have a prototype in the balsa wood box and they don't exactly know how they're going to get from there to filling thousands of pre-orders, but a lot of people are expecting them in time for Christmas.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:32:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Stay with us. I'm Guy Raz, and you're listening to how I built this from NPR.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:32:27 Speaker 4](https://1drv.ms/u/s!AMhVeraEIITCz1w)

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[00:33:07 Speaker 4](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It's a lot.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:08 Speaker 5](https://1drv.ms/u/s!AMhVeraEIITCz1w)

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[00:33:23 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Hey, welcome back to how I built this from NPR. I'm Guy Raz. So it's 2008. And James and his co-founder, Eric Friedman show off their Fitbit prototype at Tech Crunch and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It makes a huge.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:34 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Splash problem is they have no finished product. They haven't even figured out how they're going to make it in pre-orders.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Are pouring in.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And they just kept coming in. It was crazy. We're like, oh, my God, now we gotta. It's not just dozens of these units we have to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:51 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It's it's now thousands and more and more.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:33:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Every day. And so we were still thinking Christmas of that year that we were going to start shipping out units and it rapidly became clear to us that we weren't going to make Christmas. And so we're thinking, OK, how do we keep all these people happy while we pull this off? So this was before.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Kickstarter and and you know in the go go.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And all that. So.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We kind of had to improvise. We're like.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:19 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK, why don't we?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Just blog about the whole process and just be very open and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Caring about it. So we started a blog and I and I wrote maybe weekly updates on how things were going, challenges and delays that that we're facing. And I was really surprised actually, you know, it worked, it made people understand what we were going through. They were literally seeing.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:45 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The thing being made the sausage being made behind the scenes, and I think that people that kept people really engaged throughout the process.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So you have basically a bunch of contractors and freelancers and you guys are going back and forth to Asia.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:34:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And you're so you got people working on the software to transmit the data to the web. You've got some people working on the hardware, presumably in Singapore, trying to shrink down the motherboard to something that is 2 inches by 1/2 inch. And were you just constantly running into failures like you would think that?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Ohh here here it is. And then like somebody would hit the hit the GO button and then it would just fizzle out it wouldn't.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Rick.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:25 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I can't even enumerate the number of challenges with the product that we had and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Please start.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, in some ways you a lot of people. I think when you think about hardware, it's like, oh, I'll find a manufacture in China, I'll throw over a design they'll they'll just run with it, you know and you know, yeah. And they'll just crank out thousands, 10s of thousands of this. But you know, that's that's never.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:39 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Right, no problem.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Then they'll just give me the send me.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The bill and then it's done.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And that works if it's a.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like a suitcase we've done away, right? So so it works. If it's that thing.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:35:56 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[If it's that thing or something that that's very similar to something that they've built before, well, that's, that's that's a different story than this thing that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:01 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Great.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[This manufacturer never had built before, so they.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:09 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Would send you things and say Yep, we got it and then you would get it and it sucked.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It just didn't work. Yeah, we would have wait for them to send it. I mean, either myself or Eric would be in Indonesia or Singapore at and at at any given time we we trade off different weeks and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And we were out there on the production lines, pretty much inspecting every every part of the process.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But were you convinced this thing was going?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To work, or did you?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Have doubt. I was I was absolutely convinced that it.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:36 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You would have no.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:36 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was going to happen.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Doubts that this was that this.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I I had no doubt because we were getting proof every day that this was something that was going to be big, and I think the first evidence of that was at tech.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:39 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was his.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Crunch.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Where we had 2000 pre-orders and we're getting pre-orders every day. I think by the summer time we had, we had about 25,000 pre-orders.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:36:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[At $100 per unit, that's that's a fair amount of revenue. If we could ship these units.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And how much was it going to cost you to make each unit?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That was a very good question. We didn't know that hopefully.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:08 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Under 100 years.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:09 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You didn't know you were selling them for 100, but you didn't.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:12 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[How much was?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Gonna cost you. We had a we had a sense of the Bill of materials. I think we were trying to shoot for a gross margin of about 50%. So we're targeting, you know, the full cost of the product including shipping etcetera, being no more than $50.00. So that's what we're targeting, but.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:28 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That's that's high is the high cost.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It's it's a high cost, but you know that was a cost at which we felt we could sustain ourselves as a business.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:39 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[How did you and Eric manage your relationship and friendship? I mean, with the stress of this delay and inability to meet demand and all these like, was there tension at all between the two of you or you guys?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Totally on the same page.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:37:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, I don't, I don't think there was that much tension. I mean, a lot of stress, but not not tension. I think we trust in our ability to, you know, help each other out and their periods when either of us would be pre.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:07 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Down on the company and the product, and luckily we weren't down both at the same time.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And and that's why it helps I think to have a.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Co founder. So there were times where you were really down.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And he could give you a pep talk, and he just can give you pep talk.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:21 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, exactly. And then I'd wonder why he wasn't down. And and there's some pretty dark times right before we shipped. And remember, we were months before we thought we could finally get the first unit off the production line and I was sitting in my hotel.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Room in Singapore and I was. I was testing out one of the prototype builds that that Racer had produced and the radio range was not good at all. It was supposed to have a range. Well, that was the hope that would have 15 to 20 feet range, but the range was actually like 2 inches.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:47 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It 10 feet or 15 feet.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:54 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Oh God, it's so the antenna in the device had a 2 inch range.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:38:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, it it would only work at 2 inches and I'm.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Thinking we've got to ship this this holiday season like I've got 10s of thousands of these people waiting. And so I'm. I'm just freaking out and my exactly. Exactly. It's like, so I couldn't sleep that night, obviously. And I I took the unit apart.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:03 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Huh.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Have a cord and just plug it in.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:18 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[OK.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:24 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like I had a multimeter and I was measuring different voltages and currents and what I realized was huh, the cable for the display.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:33 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Was kind of flexible, low enough that maybe it was actually dropping down and touching the antenna, and that was causing the issue creating interference and I could kind of see that when you put the whole thing together that it might droop down. And I thought, OK, how do I create a shin that would prop the antenna up so.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Ohh and creating interference.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:52 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I went to the bathroom.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:39:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Grab some toilet paper rolled a little bit of it in a bowl, and stuffed it between the antenna and the display cable. Put the device back together and it started work.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:02 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like the range was.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow. So it was so you had to separate one wire from the antenna and that was it with toilet paper.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:07 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Great.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:13 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[With like a wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:13 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The toilet paper? Yeah, that that was it. And I still couldn't sleep. So the next as early as possible following morning I raced into.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Our manufacturing said, OK, I think I found a problem, but obviously toilet paper is not a a scalable high volume situation. So they went back and figured out how they could make this manufacturable. So they ended up creating these little tiny die cut pieces of rubber.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:40 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That they would glue onto the circuit board to keep the antenna away from the display cable, so yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:48 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Wow. So that was basically was just inserting something in there and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Then it it worked.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:53 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Correct.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:53 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, it wasn't exactly duct tape, but that was the equivalent of duct tape. It was pretty.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:56 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It was pretty close. Wow.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Close, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:40:59 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So you guys launched this product in Christmas of 2009 and it was a pretty successful product launch. You had 25,000 orders and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Sounds like you're off to the races, but I I guess even like with the success, did you when you went out to raise money, this is 2010, were investors more excited or was it still a challenge to to get more investors in?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It was still, it was still a challenge and and at the time it wasn't, you know, OK, I guess you guys are having.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Some success, like consumers that are buying the product etcetera, it's like and they congratulated.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:35 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Us on that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:36 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But they were very scared of hardware businesses. I think there had been a lot of really high profile failures in the consumer electronics industry.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:41:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And so it was very difficult for us to raise money. I remember, you know, we had a a spreadsheet of of target VC's. I think there are 40 names that we put on that list. And literally we went to number 40.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Before we were able to raise money.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And just giving the same pitch again, again answering the same questions.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:07 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Main pitch driving, you know, we're in San Francisco driving down 101 to Sand Hill Rd. Constantly giving the same pitch to 40 VC's. You know, that's probably the one thing I I didn't like about that whole time period was.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:22 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I hate like kissing the same pitch over and over and hearing the same questions and same objections, etcetera, so that that was not a a fun or stimulating time for me.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah. All right. So eventually the 40th investor does decide to give you some money. I think you raised about $8 million.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And at this point, were you able to then have like a proper office and A and a staff, were you able to kind of begin to?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Real full time engineers and developers and people like that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:42:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We were we, we did that after with the round. That was right after our first $2,000,000 institutional round. We hired a bunch of you know customer support personnel. I interviewed and hired our first, you know head of sales.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:02 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I, you know, interviewed and hired someone to finally run all of our manufacturing and operations, which was still a job.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That I was doing like I was still issuing all the PO's and managing the inventory and I think we're really fortunate because the early management team that we hired in those days pretty much made it up to and past our IPO, which I think rarely happens.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:33 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It's so crazy to think about now, but I think.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Early on, right with with the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:36 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[A bit.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The idea was to be part of a bigger community, so like the data from your activity would be available, you would just go to a site and you could see and you could see everybody else's cause. The idea was we're all part of this together, but I think like early on right, some like users were tracking like sex. And when you started to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:43:57 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We hear about these things. Was your reaction like, oh, my God, I never even thought about this being like a privacy thing. I always thought that people would just want to share.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:05 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I think we this was still kind of the early days of of of sharing, sharing things like that. And I found out about it because I saw this tweet about some going, hey, if you do this Google search, you'll see because Google is indexing our public pages or people are logging things that people need.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Click.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You could find out all the sexual activities that people are logging on. Fitbit and I saw that I'm like, Oh my God, this is not good. Yeah. So that ended up being the first real PR crisis for the company. And it was happening over the 4th of July weekend. So I had to call an emergency board meeting. You know, we had to scramble to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Ohh man.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Delete all that stuff, turn everything.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Private because the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[There's a default setting initially when you got a Fitbit was it's it's not private, it's open.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:55 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Is that?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I thought it was going to be a big community of people.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:57 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Trying to get fit.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:44:58 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I mean, we made a lot of things private by default. So we made sure that people's weight was private because we thought that would be sensitive, but we didn't think that, oh, people's activities, you know, there wasn't any.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Harm in doing that and we just didn't realize that people would would start to lock things up.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:13 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And and just to be clear, like people who log sexual activity, this is not like a a category that you offered up. It was just people were voluntarily deciding to just log that as one of their active.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:25 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[What?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:26 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It was a category, but it wasn't something that we had realized. So we we used this database from the government that was like thousands of different activities that people would do. And so it was an option we just didn't think people would.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:37 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Oh, I see. I got.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:39 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Would love them.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You were just naive about that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We were naive. We're like, OK, this is this government database of activities. It must be fine.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:51 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That was that was quite a shock and and a wake up call for us.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:45:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So Fitbit, for the first couple of years was a still a clip, mainly a a clip. And then I think really 2011 you released the first product Christmas of 2009, you got 2010 by 2011 read you're just this has exploded like 5X growth from 2011, 2012.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:46:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You went from $15 million in revenue to $76,000,000 in.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:46:20 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[On you what was going on? Was it just the self generating phenomenon? Like were you surprised by it? Were you investing in marketing? Was it just unearned media, just people were reporting on it? What was?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:46:32 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Going on, I think the primary reason is you know because we had baked in this social element, this community element into it from the very beginning.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:46:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It ended up being a very viral.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:46:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Very viral product. So one family member would get it and to really realize the potential, you know, the the community aspect and the competitive aspect, you have to have someone else as well. So they'd either buy it for their spouse or their parents and they would start competing and then they'd buy it for their friends and they try to get their friends.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To buy the product, it's.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So they could each see how many steps you were people 'cause I remember this. I remember this PR. People were wearing Fitbits and they were talking, and there was, I think there was even people were encouraged.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:15 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To get Fitbits.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Exactly. So it was it was very driven by word of mouth and and this viral spread was was a huge driver of our growth in in those days.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:28 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I think by by 2013 you had some competitors coming in and Nike. Nike was making one and and Jawbone was making 1. And I mean, I remember going to the Ted conference in 2013.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And getting a jaw bone in my gift bag. Were you worried about the competition at that point or or not really?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:47:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, at that time, I think people were looking at the success and you know, there was even a name coin for the whole category, which is quantified self, right? How do I use sensors etcetera to measure everything that I'm doing in my entire life.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And so that attracted a lot of competition, as you said and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:06 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I'd have to say the competitive aspect was was definitely worrying at the time, especially with Nike and Jawbone.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:14 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Because they're so huge.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:16 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[They're huge. I mean Nike, obviously it's a multi billion dollar multinational company with a lot of media dollars. I remember when they announced the fuel ban, you know they had all these celebrity athletes at the announcement and we're like, oh, God, that's insane.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:19](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Sure.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:27 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:31 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And yet, by 2014, you had 67% of the activity tracking marketplace, right? I mean, Fitbit was just totally dominating the marketplace. I mean were you? And and Eric doing like like victory laps and high fighting each other and thinking back to all those, like all those doubters, I mean, what was going on?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:48:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I think we're still pretty, I don't know if scared the right word. I think it's still very, very cautious. You know nothing was was guaranteed.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[There was a lot of competition that was emerging. We still had a lot of internal challenges in the business, you know, scaling, production, scaling the company, etcetera. So again a lot of fires for us to be solving on a day-to-day basis and remember, occasionally we'd always check in and say hey.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:17 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[When do you think we'll know like this is this we're going to make it? Yeah. And it's. I think we'll know in six months. And we kept saying that every every six months. So it was pretty much in, in ongoing thing, you know, pretty much up to the IPO.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[2015 was a huge turning point for you. In many ways your public.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I think your market cap at read a certain point reached $10 billion.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That year, 2015 Apple.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The Apple Watch is released and they stop selling Fitbit's in their stores.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:55 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[At the time you were quoted as saying.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:49:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, I don't really. I'm not really worried about this because it's a huge market. It's a $200 billion market.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:50:04 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, the Apple Watch is just crammed with a bunch of stuff, or smart watches, or crammed a bunch of stuff. And what we're doing is something simple.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:50:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Or was that what you were saying publicly? Because I don't know. Did you? You felt like you should be saying that, or did you really think that was true, that this, that the Apple Watch wouldn't actually have much of an?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:50:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Impact. You know we we're definitely concerned with Apple. I mean, this was the preeminent technology and especially hardware.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:50:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Company at the time with an amazing brand we had faced off Phillips and Nike and Jawbone which were, you know, in their rights, very big competitors, especially Nike.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:50:42 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[We did feel very strongly that our product had very clear advantages. It was a simpler product if you looked at the Apple Watch that was announced at that time, I think everyone will admit, maybe even Apple, that it was a product that didn't quite know what it was supposed to be used for. So with the launch of the first Apple Watch.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I don't really.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Think that that had an actual impact on the trajectory of the business. It wasn't the product that it would later later become and the industry wasn't where it would eventually evolve.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I mean, but eventually the industry did change, right? I mean, I mean, Apple Watch got really popular, I think like by 2016.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Fitbit stock had dropped by like 75% over the course of of a year. When you and Eric were running a publicly traded company and the stock was just like tumbling.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:39 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So what did?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You think? I mean, I I can't imagine that was pleasant for you.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:51:44 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[No, it's definitely a stressful, stressful period and you could argue well, we maybe we shouldn't have been valued at 10 billion in the 1st place. And I think in a lot of times it's a question of, you know, perception, right, if we if we had never hit that 10 billion and we had steadily grown into you know, the 2 billion.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:52:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I think people's perceptions and you know, just psychology about the whole situation would have been different than going to town and and falling to two. Yeah. And it was a very.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:52:15 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know challenging period because as a private company, despite challenges, your valuation doesn't change very often. It only changes when you raise money, which could happen once a year, once every two years. So if you hit a bump in the road, your employees don't really feel it. We had a product recall where if we had been a public company, our valuation would have plummeted.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:52:37 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Immediately, but at the time we're private. So we just told the employees, hey, look, this is the challenge. It's pretty serious, but here are the steps that we're going to take to get through it and everyone kind of rallied together.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:52:47 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But when you're being measured every day in real time by the stock price, you're not really given a lot of breathing room to to try to fix things.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:52:50 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[By the stock price, yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:00 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Even though you were introducing new products, revenue was declining every year from the time you went public and?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I read an article about something that you did in 2017 and I'm I'm really just curious to get your take on it cause I actually think it's really.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Courageous but but also probably super stressful and difficult, which is you asked your employees to submit a an evaluation of the company and of you and and then you sat in front of them to hear the results of the this evaluation. And it wasn't good you had you even had some employees who wrote letters to the board.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:41 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Asking that you be removed as CEO.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:44 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[UM.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:45 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[I can't imagine that was easy for you to hear.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:53:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, I don't know if I heard that particular feedback directly, but clearly the survey results were were not great. You know, I I kind of have jokingly think you know probably used to hearing very critical feedback because of my parents. I don't think there was a moment where they're truly.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:04 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Happy with with anything.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:07 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But I did. I remember even when I took the ACT and I.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:10 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Got my score back.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[It was a pretty good score, but my dad just honed in on clearly the areas that that had not done well. So I don't think I have a huge ego. I mean, I do have an ego. I think it's human to have one, but my primary focus was how do I?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:24 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Sure.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[How do I get things back on track?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You had. There was a quote from somebody in an article as an anonymous quote said, you know, we were focused on a certain point. We're focused on the right things. We had the ability and have the ability to know a lot about our users, which you do.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:54:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But our users don't want to be told what they did. In other words, they don't want to be told, hey, you exercise, you did 10 steps today, they want to be told what to do, like how to get better. So. And the quote was this was the greatest missed opportunity. And I know you've you've made a pivot since then, but was that?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:05 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[A a fair.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:06 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Assessment at the time of 2000.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[One thing.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:08 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:09 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You were just you were too focused on telling people what they've accomplished rather than telling what they need to do.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:14 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I think they're ultimately kind of two big things that were driving the headwinds in the business. First of all, I think we were really behind in launching a competitive smartwatch. The time like people were transitioning to competitive to Apple. Yeah, it was clear that the industry.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Competitive to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:30 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That to that one.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:34 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[With consumers, we're moving to that category and we are seeing that in our sales, so.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:39 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[In a in a very short period of time, our tracker business fell by $800 million in in revenue and you know at the time at our peak, we were doing about 2.1 billion in revenue. So we had an $800 million hole and we finally launched our Smart Watch, but it was only sufficient.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:55:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To fill that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:56:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Very barely. You know, we we hadn't. We hadn't transformed our software into giving people guidance and advice. And it also ties to our failure at the time to quickly diversify our revenue stream beyond just hardware to services business that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:56:18 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Like a subscription, right? Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:56:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Exactly. We were so focused on growing our hardware business because that was what was bringing in the money. That was what the retailers wanted.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:56:27 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Would sure.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:56:29 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[ETC. And you know one of the mistakes I made was not setting up enough time and enough focus to building this subscription part of the business that actually answered those pivotal questions for for our users.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:56:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[As many, many companies find themselves in a successful companies that have a successful legacy product is crazy. Talking about a a legacy product for your company which is only 10 years old or 12 years old. But but you know the you could argue that the Fitbit product is your legacy product, right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:02 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That, as as any company with a legacy product realizes, they've got to make a pivot like for American Express, it was travelers checks for 100 years, right? You know, that's how they made their money and they had to pivot into other things, travel services, credit cards and so on. It sounds like in 2019, you really made a pivot.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:22 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Into thinking about Fitbit not as a.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:26 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Hardware company that makes like a tracker watch or device. Right? Smart watch but.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:32 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[A company that really is about healthcare and is designed to kind of pivot into more into healthcare data and analysis is.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:40 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That fair. Is that right?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:57:43 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, I think that's that's fair. I think we we stopped thinking ourselves as a device company and and more of as a behavior change company because that's effectively what people were buying our products and services to do right was to change their behavior in a really positive way. And not only you know individual people, but companies as well.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:58:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Companies who in the US especially bear the direct costs of the healthcare of of their employees. So we started thinking about ourselves as a behavior change company and you know, figuring out what are the products and services that that really deliver that both to to people and to businesses.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:58:25 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[So we get to the end of last year where Google announces that they were going to buy Fitbit $2.1 billion. We shouldn't mention that at the time of this recording, it hasn't closed yet. To me, it makes perfect sense if I'm you or Eric, I would have done it. I would have said $2.1 billion. That's a very that's great. That's a great outcome.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:58:46 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Because now with Google we've got access to their their dollars and their research labs and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:58:52 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[All the you know the the people who work there and the analytics and our ability to really go to the next level. Why did it make sense for for you from your perspective to to sell to Google?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:59:05 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, that's a very complicated and kind of emotionally fraught question, but.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:59:11 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Last year, our board met and it was pretty clear to everybody that we had a lot of challenges in the business. We weren't profitable. There was a lot of competition out there from the likes of Apple, from Samsung, some emerging Chinese competitors.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:59:27 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But there was a lot of just great things going on in the company like I was so excited about our product road map about something, you know, things that were in our pipeline, all the Advanced Research that we were doing around health and sensors like I would look at our product road map every day and just you know, come away super excited about that and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:59:46 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And then also be.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:59:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, confronted with a lot of the business challenges as well, and for me, most importantly, UM, it was about a legacy and I wanted.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[00:59:57 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The Fitbit brand and and what we did to continue onwards for a very, very long time and we just had to figure out the best way to do it, whether it was as an independent company or or within a larger company that was really what was.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:00:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Most important I I I imagine that there are some details you can't talk about for for obvious reasons.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:00:16 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But as of this recording we're talking in.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:00:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[April, there is a hold on the Google acquisition that to the Department of Justice is doing a an investigation because there's some interest groups who have said, hey, you know, we don't think that Google should have accessed all this data that fit. Fitbit has 20 million users. This is incredible trove of health data is that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:00:42 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Causing you stress right now that that there is this, this Justice Department hold up on the acquisition.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:00:48 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[No, it's and it's because, you know, sometimes the process does like to sensationalize things. But the process that we're undergoing right now with the Department of Justice and also with the EU.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:00:59 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And in some other countries around the world is pretty normal for acquisitions of this size. And in fact it's required really, you know, the whole reviews about the anti competitive element and especially around the wearable market share. So that's just something that we have to convince regulators that you know this doesn't reduce competition in the marketplace.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:01:19 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[As far as you know the situation now.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:01:21 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[With the the lockdowns and and the pandemic does not have any impact on Google's interest or commitment to making this happen.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:01:30 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[No, I think everyone's thinking towards the long term. Fingers crossed as that we do find ourselves through this COVID-19 situation and that there is life beyond that. Maybe it comes back slowly. But you know I think everyone is thinking what is this whole category look like in time span of years?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:01:49 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Out and I think what one of the things that COVID-19 has shown is that.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:01:54 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Especially if you look at healthcare, this idea of remote healthcare, remote monitoring, keeping people healthy outside of a hospital setting is actually really important.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:01 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:03 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Super, it's it's going to totally change. I've had. I've had a video call with my doctor just for a quick question. You know, it's actually super convenient.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:12 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Exactly. And if, if during these telemedicine visits, if they have a snapshot and summary of what you've been up to and what your health has been outside of the.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:20 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Visit and almost be predictive in that way. I mean, I think that's that can be really groundbreaking in terms of the way that's being in the way medicine gets practiced and this whole time period is merely accelerating that transition.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:34 Speaker 3](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[When you think.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:35 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[About all of the the things that that you have done professionally and and your successes and.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:02:43 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You made a lot of money. I mean, you're extremely wealthy and wealthier than your parents could have ever imagined you would be, or they would be, and they took a huge risk to come to the US and that all these little mom and pop stores, how how much of that do you think is because of your intelligence and and skill and how much do you attribute to luck?](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:03:03 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Yeah, that's always a tricky, tricky question to answer. You know, I think very fortunate to have grown up with my parents just having seen them persevere through life. You know, you get the realization that nothing really comes easy, that it. It does take a lot of.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:03:23 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[You know, just grinding away at things that at the time seem seem kind of unpleasant. So I think those are good traits and very fortunate to.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:03:31 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[To have parents like that who sacrificed a lot to put me in, some in great schools overtime, even though they they started from some humble beginning so.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:03:41 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[But also have learned a lot of ways, gotten some lucky breaks where things have could have gone the wrong way very, very quickly. You know, ultimately attributed to a little bit of little bit of all of that. I think it's not fair to say that everything is luck because then I think you start to discount.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:04:00 Speaker 1](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[The actual things actions that you can take on your own to affect the future, and that's really important.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:04:10 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That's James Park, cofounder of Fitbit, and here's a number for you, 34,642,772. That is how many steps James has tracked since he first put on that balsa with Fitbit prototype at least as of this recording.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:04:29 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[That's about 15,430 miles or 24,832 kilometers.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:04:39 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[And thanks so much for listening to the show this week. You can subscribe wherever you get your podcasts. You can also write to us at hit@npr.org and if you want to send a tweet, it's at how I built this, or at Guy Raz. This episode was produced by James Delahoussaye, with music composed by Ramtin Arabhi. Thanks also to Sarah.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:04:58 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[Harrison Candace Lim. Julia Carney. Neva Grant, Casey Herman and Jeff Rogers. I'm Guy Raz. And you've been listening to how I built this.](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[01:05:11 Speaker 2](https://1drv.ms/u/s!AMhVeraEIITCz1w)

[This is NPR.](https://1drv.ms/u/s!AMhVeraEIITCz1w)