



Stanford eCorner

Add Plumbing Now for Cash Flow Later

Soujanya Bhumkar, *Cooliris*; Austin Shoemaker, *Cooliris*; Josh Schwarzapel, *Cooliris*

February 21, 2009

Video URL: <http://ecorner.stanford.edu/videos/2159/Add-Plumbing-Now-for-Cash-Flow-Later>

What are the benefits of a Chief Revenue Officer? They force the start-up to think about revenue stream now, and in the future. Cooliris CEO Soujanya Bhumkar discusses how profit may not yet be flowing, but that his company has been certain to craft their product model with the faucet built into the room. And, most importantly, Cooliris is evaluating all paths toward monetization that will keep their customer base engaged.



Transcript

The question is how has the outlook of the company changed and what has been the contribution of the Chief Revenue Officer. So the moment we hit our one million active user account, which is when we got traunched, the first thing we said is we were going to hire in somebody who's done this before. So Sashi Seth, who is the Chief Revenue Officer for us. He had been the head of monetization for YouTube and he knew Randy well. So it was an easier conversation to get going. He joined us. He's done phenomenally well. They have now a revenue team of which Hong was the product manager sitting behind and then Josh who's on the shopping side. So he was able to come in and firstly bring in the focus. He put together the team that was needed for each of the revenue models that we were pursuing.

And then set up a framework of experimentation by working with the engineering team and said, "Even if we don't start driving revenues today, we need to know where the faucet in the room is. And then we can turn the faucet on whenever we want. So let's just first figure out just as much innovation that we have created on the product side. Let's just do also the same thing for the monetization side." And to be very honest, even today we are partly in that mode. We are driving revenues today, which is a good thing in this economy. But we are also experimenting simultaneously on multiple aspects of what can be monetized, what cannot be. All of this while making sure that the users are happy. That's fundamental value for us as a company. Josh Schwarzapel: The one situation we didn't want to get into was the situation where you hear, "We going to just build this huge user base and then we're going to figure out how to monetize it later." I think that was a recurring theme that you saw on Web 2.0 and you're seeing it with the social networks how difficult it is to actually monetize a lot of that traffic. In fact, if you look at the model almost everywhere else it's the opposite.

They say, "We're going to figure out how to get our revenue per customer very high." And then at that point you have a lot of control because you can buy distribution, you can do other things like that. So we're more focused on experimenting and really tweaking and iterating to find out how do we get our revenue per customer number high. And then going out and simultaneously solving the distribution problem but it makes it a lot easier to solve. Tina Seelig: I love the concept, and I've heard you mention this before, of basically building it with the faucets in the room. You're not sure exactly when you're going to turn them on but you certainly know that they're there. And I think that's a really good thing to keep in mind for anyone who's starting an ecommerce company. You might not at the beginning want to think about what your revenue stream is but you need to know what you're going to do in the future. Soujanya Bhumkar: And simultaneously we keep an eye on the cost side as well, right from day one. Not like we say, "Let's grow the user base and we'll worry about how the cost structure looks like." Because then you're going to scale the business and then be stuck with this issue of, "How can I now take down my variable cost." Tina Seelig: So essentially, you're putting in a really sturdy foundation at the beginning, knowing that you can build on it. Super.