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## Podcast Episode #35 – How a hardware startup's product goes viral, with Christian Smith of TrackR, USA

### RAW TRANSCRIPT OF INTERVIEW

**Balint:** Today we have a startup founder on the show of a company called TrackR. Welcome, Christian, to this episode.

**Christian:** Hi. Thanks for having me.

**Balint:** I'm very much excited to talk to you. I got referred to you by a previous guest Vibhu of b8ta, the software-powered retail startup, which is also from California, that company.

So, you're not a new startup, your company TrackR, and you have significant traction on your website, I saw it, with five million plus devices delivered so far. How did that happen? That was my reaction when I saw this huge number, which is really, really great, hearing about such success cases, stories, especially in hardware field, which is known to be quite difficult. So, hopefully in this episode we get to hear your story from your angle how this happened and maybe we can learn about some key take-aways, key lessons, and maybe we could get a glimpse of your secret sauce.

**Christian:** I'd be happy to share more about how we started and what we did to get to where we are and that big milestone of shipping over five million devices. We're locating about two million devices every single day through the TrackR community that we call Crowd Locate. So, happy to talk through some of the dynamics of starting in as college students moving into a garage to build the first prototype to how we've grown the company.

**Balint:** Yeah. It would be really cool. So, to start off, because it would be good to get to know your story from the beginning, so how you started the company, and that's one of my questions, and what the motivation was. You referred to it that it was at the university where you started out. But, yeah, it would be great to know a little bit more the details.

**Christian:** So, I grew up in a box of Legos and I absolutely love and I'm fascinated by building things. So, when I was looking to attend university, I looked at several architecture schools and eventually decided on mechanical engineering, and UC Santa Barbara had a very good program for electronics and mechanical engineering. So, that was the initial draw to UC Santa Barbara to start studying. And when I moved



into the dorms my freshman year, I met a group of other surfing engineers and scientists. And one of them was my co-founder, Chris Herbert, and we got to know each other by staying up late working on physics homework and then waking up at the crack of dawn to go surfing together. And so, we became good friends over the years, we would go on surf trips together.

And one of these surf trips we went to a place called Pismo Beach, it's in California. And what's special about Pismo Beach is it's one of the few public beaches where you can drive your car along the sand. So we went on an adventure that day to find some amazing waves and we drove very far down the beach and found a sand bar that was breaking. So we parked the car in the sand and rushed to hop into the ocean. After we surfed for almost three hours, we got back to the car and we were mortified to see that the car was parked below the high tide line and the tide was quickly rising. So, the car was in danger of being washed into the Pacific Ocean.

So we frantically began searching for the keys. We ripped the car apart but could not find them anywhere. So, fortunately we were thinking heads up and ran down the beach looking for some help. And my co-founder Chris got someone with a metal detector to come over and help us find the key that had fallen in the sand and gotten buried. So, we were able to move the car off the beach before the high tide got it. But the ocean was lapping the front tires right as we were able to move the car off to safety.

And that's when we realized: everyone is memorizing where all of their items are located. So why don't we build this system that helps us and memorizes where all these things are for us so that we can digitally organize our lives? We saw this was the trend with Wikipedia, phones, storing contacts, that people weren't memorizing these little details, we were giving these tasks to computers.

So that was the motivation behind starting TrackR is it was a personal pain point that my co-founder Chris and I struggled with. We were very much scatterbrained engineers and we wanted to bring in solution so that people would never have to worry about things being lost again and face that frantic kind of panic search. So that's kind of what our goal was to ensure that nothing gets lost.

**Balint:** It's an awesome story. Many times they say that one of the best ways to find an idea is simply scratching your own itch. So this was a relatively big itch in a way because you had this defining moment on the beach, which is hard to forget, I guess. So you wanted to solve this problem for yourself and for others.

**Christian:** Exactly. And one of our mentors at TrackR mentioned that being passionate about an idea is good but it's not always the best thing. It's better to be obsessed about accomplishing something because when you're obsessed about something it



doesn't fade like passion and it's not affected as much by emotions. So, we became very obsessed with how to create a world where nothing ever gets lost.

**Balint:** Basically, you also kind of resorted or you went back to getting inspiration from the pain you felt because normally we want to avoid pain, that's really powerful emotional feeling. And I think it's great, and I agree that it's really good that you mention this that it's not only the passion which counts but the next level of passion which is obsession.

**Christian:** Yeah. And one thing I remember having so many conversations with my co-founder Chris about if you were to work on all spectrums of the medical industry, as a society we don't need more superficial Band-Aids, we don't need the Hello Kitty or Transformers Band-Aids, we need to help the people that are in line at the emergency room and so how do we bend the rules of the universe as they've been set out for us today and give every single person back that 15 to 20 minutes that they search for lost items every single day. And then, if you give humanity back 100 hours every single year, what's the impact going to be downstream? And so that's been kind of this primary driving factor behind what we're pushing for.

**Balint:** These were the very beginning, so when the idea was born. What about later getting traction, so significant traction, because I saw that you had some viral campaign on YouTube with views in the millions, for example the YouTube video from 2014 for the sticker TrackR device. But apart from that, what kind of marketing channels do you use, especially at the beginning, apart from this and which ones were the most significant ones, which contributed the most to the growth?

**Christian:** Yes. So there were a lot of things that we tested and tried to find the things that worked. And I think that we took the approach that... Because my co-founder and I were both engineers that we didn't really know how to market, how to tell great stories and engage customers. And we met with a mentor, a CEO in town. It was very early on, it was right after we developed the first prototype in the garage and he listened to about three minutes of our pitch and he said, "Guys, guys, I got to stop you. Let's just recalibrate here. It's not about how well you've engineered the solution but rather that the fact that sale solves all problems for an organization of your size until you're much, much bigger, sales is going to solve all your problems."

And we really took that piece of advice to heart and we really thought about how we can engineer great sales and marketing campaigns. And so, that was a primary driver behind how we got into building and testing all of these solutions. *The Lean Startup* by Eric Ries was a very influential book on how we were thinking about experimenting and testing and being very data driven in our approach to building these types of solutions.



**Balint:** Can you tell us a little bit more about this? I would love to hear more about this topic and I think also the listeners would like to know more. I like it very much that you used the Lean startup method, which is sometimes difficult to use in a non-software environment. So that would be interesting even that to know how you validated your idea with customers, because it's based on customer development, and also, again, the marketing - how you realized, how you were doing tests which marketing channels could work?

**Christian:** Yeah. And so, the validation really started when we were still in school. We did surveys and we did kind of a mass survey to find out what people would pay for a value proposition. Would they use it themselves? Would they give it... How do they want to use it? What problems did they struggle with? How frequently were those issues where they couldn't find things? And to really get a sense of the market. And that gave us kind of a direction to go after and really focus on. So, we then won a business plan competition at university, we were able to take the winnings of that and then build the first prototype and then continue doing surveys.

And we kept hacking away with the philosophy that we were going to sell first and then build rather than the other way around. Rather than build and then sell it, we were going to get the customer commitment and then build it. And so, we were able to kind of bootstrap the company. And then, when we got to this point in the market where crowdfunding became very popular, that allowed us to grow our market exponentially.

**Balint:** So, you used then for the different product introductions crowdfunding in the end, right?

**Christian:** Yes. Yeah. And so we've run, let's see, I think five different campaigns there. And there were a few failed campaigns that we tested. What the biggest failure that we had was a concept called glasses TrackR and we created... Everyone was telling us, "Oh, I want to keep track of my glasses. I lose my sunglasses, my reading glasses." And so we built a device.

What we later learned was that people wanted the benefit but they were all very picky on the size or shape or how it looked. And so, that was a very interesting kind of failure, early failure that we were able to learn within just 30 days from initial concept to testing. And so, with crowdfunding we were able to really shorten that development cycle of getting in good market data and understanding which direction we should pursue.

**Balint:** And here, your obsession comes in because you mentioned failure, you had a couple of failures with some campaigns but you didn't give it up, you continued. And what about the viral aspect of the marketing? As I mentioned, you had this You-



Tube video but you had also crowdfunding campaigns and viral now means, what I mean by that is that it's based on referral. So how did that work and what was its contribution?

**Christian:** Yeah. We see that there's [kind of] the two words that I would use to describe how to develop great viral marketing is mission critical. Developing everything is very situationally dependent on the mission and goal that you're looking to achieve. Frank Gehry, a famous architect, has a great quote that, "Good design is all about the constraints," and so with designing the system with the constraints in mind that you'd want to kind of have people get excited about a concept and share it with other people or comment, engage.

There's kind of this law of what we call equivalent exchange where if I'm going to tell you something or show you some information or then there has to be enough value in that for you to give back, or to share, or to act, essentially. So, really designing that kind of equation of being very conscientious of, "OK, what are we giving our users, our viewers, our customers so that they're excited enough to share and let other people know," is the primary, I think, starting point for where you want to drive things, to create those loops.

And I think it goes back to great marketing as engineered because it's all about those little details that add up on the side of the equation of what we as a company, or a brand, or a person are giving to the receiver and then that changes how they react and respond or act to whatever is being given to them or shown to them.

**Balint:** Recently, I've come across a great example of this that... I mean, as Seth Godin said, "Great marketing is built into the product." He describes that in *The Purple Cow* book and I love it. It was a recent realization when reading his book how important this is. Now, because once you're aware of such things, your eyes open up more.

And for example. I saw just recently a sticker, I was looking for my laptop a sticker that I can put on it, like motivational words, like Get \*\*\*\* done or similar things. And a friend of mine had it, this sticker, I saw it on his laptop. I took a picture of it but the sticker had a small logo on it with the website, this Startup Vitamins, now it sounds like I'm doing an advertisement for them and they're not paying for me. But I visited this website and there you can order the stickers. So, again, great marketing is built into the product.

**Christian:** Definitely. Yeah, I totally think that that's such a good point. There's also that to build that great marketing into the product it requires lots of iteration and lots of testing. And that's kind of how like we can take a guess at what might be a good



design but testing it and cycling through iterations as quickly as possible to learn is this kind of a surefire way to converge it onto an optimal solution much, much faster.

So, one of the things that really kind of created an amazing viral loop for us in the beginning was just being very open with our testing of the Crowd Locate network. And we had enough users nearby our office in Santa Barbara, California that we purchased a bunch of bikes and then we just rode them around with the TrackRs under the seat and we didn't ever lock them. And so, we thought, "Well, sooner or later someone is going to see this bike and hop on it and borrow it for a while and we'll see if we can find it when we get it back." So we just began documenting all of those experiences and we were able to... One of the first bike that was stolen we got back really quickly. And so, we were able to document that, put it into a short video format and then put that onto the Web. With that we didn't expect it to gain as much popularity as it did. But people got really excited about that concept that something could be created to get things back if they were stolen.

**Balint:** So, that was one aspect of how you thought about viral marketing. And is there anything else you thought of perhaps regarding the product? For example, small things like putting a logo on it? Or how did people refer you? Were there also referrals from usage or it was more the video which went viral that helped you a lot?

**Christian:** Yeah, we see that in the product space we've done several things to make it easier for people to share items. So we came up with a concept called Family Sharing, which allows users to... So, a mother and father can both keep track of their car keys or everyone in the family can download the TrackR up and see where the remote is in the house. So, we have been able to engineer some of those things so that it creates its own kind of community within the home.

**Balint:** Very interesting. The other question or other topic that I wanted to discuss, you referred to it briefly, is the Crowd GPS. So, when I looked at your product to me it was new, this technology, and I was wondering how you started out using this technology because how I see it is that it reminds me of Facebook in the sense that this technology, which is based on the vicinity of other smartphone users to track or to log where the TrackR device is. So, in a sense it reminds me of Facebook, the network effect, which can become useful only if a certain number of people start using your service. So, I was wondering how you could offer something to the customers so that it was beneficial for those smaller numbers of early adopters, this feature?

**Christian:** So, fortunately when we started out we focused on creating the ability for people to quickly and reliably find things with TrackR. And that's really kind of that core value proposition that starts with the ability to call your missing keys or any item that has the small coin-sized TrackR tag attached to... That's talking from the TrackR



app. So, the TrackR's item ringer will beep the device and cause the LSD's lights to blink. So it just says, "Here I am," so you can find your item quickly.

You can also use it in reverse to find your smartphone even when your smartphone's on silent. And then, it remembers where and when something was left on a map when the Bluetooth connection breaks. So, the core value is that it helps users even if there isn't a community around them. Because we were able to start to gain critical mass with just that core value proposition that there was this whole aspect of surprise and delight when people would leave something behind and then they would get updates.

We recently had one of our users who very tragically had some memory issues, just from a medical condition, and this person loves traveling and goes around the world. And they checked their luggage in when they were taking a ferry ride and left their luggage behind. And when they realized that their luggage wasn't with them, 10 minutes after they jumped off the ferry and into a cab they were able to see it through that Crowd Locate network that their last item was back at the ferry because another user had passed by and anonymously confidentially updated the location.

So, it's really about giving users that confidence, that peace of mind, that they will never lose or misplace things again should they go outside of their possession. And so by getting the critical mass necessary through the basic value proposition, giving that additional community locate feature gave the added value and the experience of surprise and delight. Our vision is to allow all of the items in the world to be trackable.

**Balint:** And what will a tracking device look like? You talked a little bit about your vision, but what's the next device will look like, or the device in 5 to 10 years? So, you think that it will be really usable for all of our precious belongings?

**Christian:** I see a trend that all of these devices are getting Bluetooth embedded inside. And we see that it's going to... The form factors are going to shrink. Really right now that's based on kind of the physics of energy density is the limiting factor in the size. So we'll see that more and more devices have Bluetooth embedded inside. We are working with different partners and we've actually gotten over 33 partners to market that are building our technology inside. So these are manufacturers that make wallets, bags, pens even, so Cross Pens is a great example. They used our hardware development kit and created a device to embed inside of their pen. So now you won't ever lose your Cross Pen. I always misplace my pens. So, it's such a great solution. So we see that it's going to just be built into everything.

**Balint:** I see you're already on the road towards your vision very much, apart from what one can see on your website. Because you're working with these manufacturers and they are building your technology into their product.



**Christian:** Exactly, yes. So every manufacturer can reach out to us and we'll help them create trackable items.

**Balint:** So, I'll ask you, Christian, now four questions and it would be great if I could get short answers to these.

**Christian:** Let's do it.

**Balint:** The first question is if you could time travel, like in the movie *Back to the Future*, which I really love, to the time when you were in your 20s, what notes would you give yourself?

**Christian:** Oh, that would be cheating. I would miss out on all of the character development. I think I would give myself a roadmap, a book of all of the key patents that came out years later.

**Balint:** That's good. So, very technology focused.

**Christian:** Yes.

**Balint:** The second. If you had to name a book, which one had the biggest impact on your career, especially your entrepreneurial career?

**Christian:** I would say *The Art of the Start* by Guy Kawasaki. When we were first starting the company that was our Bible and manual, and when my co-founder and I were talking through problems how we would make decisions. Later, I think *7 Habits of Highly Effective People* has been a great book.

**Balint:** These are also on the top of my list. I haven't read these but they're definitely on my list. I started reading *The Art of the Start*. Guy Kawasaki, of course, needless to say he's an amazing guy.

The third question. I'm amazed by habits and how these can help us reach our goals because they create structure in our life. And I was wondering if you have some habit, some especially work related habit?

**Christian:** I have a funny morning ritual. Every day I meditate on the things that I'm grateful for and three things that I'm going to do that day. And then I do 50 pushups, 50 squats and then take a cold shower to get the morning going.

**Balint:** Amazing, amazing routine. It's really a combination of habits all in a package. Amazing.

**Christian:** Yeah, it definitely sets the tone for the day and gets me into that like really focused and happy place where I'm most productive.





**Balint:** Do you get your cold shower on the beach in Santa Barbara?

**Christian:** Yeah. So, sometimes I wake up early and go surfing. And the ocean here is about maybe during the fall and winter about 55 degrees Celsius, oh, sorry, 16 degrees Celsius, 55 degrees Fahrenheit. So it's pretty chilly. It'll wake you up.

**Balint:** I love surfing. Even here in my home I have a surfboard on the top of my cupboard. I love the whole idea of surfing. And I've done some surfing. Yeah, I know how it feels like being in a cold water.

So the last question. In your work if you had to pick one or two cultural differences, because even in the U.S. there are many cultures, even work styles not only based on nationalities but also different working styles. I was wondering which ones you wish you knew before and how did you resolve those issues?

**Christian:** I think that cultural differences are really good because they add diversity where I wish I did a little bit more research earlier was just understanding more about personal values and then really being clear about understanding what the people around me... What was their mission, what was their intrinsic motivation? And then, help them connect with that. Because I think that's a really great filter for... Is somebody's going to be a fit within kind of you're either work community or your friend community? So, it just helps to provide a little bit more kind of definition.

**Balint:** Yeah, that's important. It relates to the observation that it matters how the person's values connect with the company's values because you want to create the right company culture.

Yeah. So I think we should wrap up the interview. I very much enjoyed it, Christian, learning about your company and also getting inspired by you, by your passion or your obsession how to take it to the next level. And yeah, I very much appreciate this interview.

**Christian:** It was so fantastic. Thanks so much for having me.

**Balint:** Yeah. And just one last thing before saying goodbye for now, which is that what is the best way for the listeners to reach you, by email or social media?

**Christian:** You can always find me on Twitter @christian1johan.

**Balint:** Christian1 and Johan.

**Christian:** Yep.

**Balint:** How do you spell it?

**Christian:** J-O-H-A-N.



**Balint:** Excellent. I will put it into the show notes. Thanks very much again.

**Christian:** Thank you.