



meetinnovators™
where the deals get done

Interview with Jason Nazar from Docstoc



Adrian Bye: Today, I'm here with Jason from Docstoc. Jason is the CEO. I guess we'll find out if he's the founder of Docstoc.

I took a quick look at the site before we started talking and it looks to me like a site that's doing lead-generation through providing free documents and free templates to people which is an interesting model I've never heard of that actually sounds pretty smart.

Before we talk about Docstoc, Jason, why don't you tell us who you are and a little bit about where you come from before up to now.

Jason Nazar: Sure. I'm the CEO of Docstoc.com. We just had our one-year birthday on October 30th and before that, I was finishing up my MBA in law school here at Pepperdine in Southern California which is by the beach in Malibu. I'm a serial entrepreneur. This is the third company that I'm on – the first one in the web space. We're a ventured-back company so Rustic Canyon which is a VC firm in Santa

Monica is the venture capital firm behind Docstoc and we also have a lot of great investors from the LA community including one of the cofounders of MySpace, the former CEO of PriceGrabber, the founder of LowerMyBills and the Co-Founding President of MP3.com.

Adrian Bye: Who are the names of those guys? Do you have Matt Coffin from LowerMyBills?

Jason Nazar: Yes, it's Matt Coffin from LowerMyBills, Kamran Pourzanjani from PriceGrabber, Robin Richards from MP3.com and Brett Brewer from Intermix which is the parent company of MySpace. Michael Jones who sold Userplane to AOL is one of our board members. We have a good group of lost hands of tech folks that are involved with our stock.

Adrian Bye: Cool.

Jason Nazar: Yes and then I'm an LA native so my parents live in the same house that I grew up in that's about 1½ miles away from where I live now. I went to high school out here and I went to college in Santa Barbara once again by the beach so I don't think it's any surprise that I moved Docstoc over down by the beach here in Santa Monica right by the Promenade. That's probably a good amount about me.

Adrian Bye: You're like a surfer dude?

Jason Nazar: I'm this 30-year old Jewish kid from LA and I have actually only gone surfing once. I've lived for four years by the beach in Santa Barbara, I went to school in Malibu for four years, my office is two blocks away from the beach and I grew up not more than two miles from the beach.

Adrian Bye: Shame on you, dude. You're ruining the stereotype. You should have long hair and be a surfer dude.

Jason Nazar: I am. I think my days of long hair are over though. I don't think those days are coming back.



Adrian Bye: You turned into an MBA corporate type, have you?

Jason Nazar: No, I'm the farthest from that. I wear jeans and a t-shirt at work most days. But we do have actually like this big shower in our office that was meant for people that want to go surfing in the morning, just to be able to pop in the shower in the office and then start your day at work. I may need to take up surfing just to justify having a shower in the office or some other activity, right?

Adrian Bye: I won't ask anymore.

Jason Nazar: Okay.

Adrian Bye: You mentioned you started two other non-internet companies. What were the other ones?

Jason Nazar: The first company, well not the first but the first company I started out of college, I was in motivational speaking and corporate training. I was both the President, the Janitor and everything in-between. It was just me. I was a 21-year old kid with either too much confidence, arrogance or Chutzpah— whatever you want to call it. I basically just went around the country when I was 21, doing motivational speaking for high school students and college students. I used to do sales trainings and communication seminars. I spent about two years travelling the country in a different city almost every week or every other week just doing these seminars and presentations. I did that for about two years which was a really great experience.

After that, I went to go work at a start-up in Southern California – a non-tech start-up and I was the Director of Marketing and Sales there. While I was going through grad school, I spent way too long in higher education considering the fact that I hardly ever went to class and was always working on business-related things. So I started a consulting company with one of my classmates there, Michael Sheridan and we were doing consulting for start-ups and small businesses in the Los Angeles area. That's really where I got the idea for Docstoc.

Adrian Bye: Okay. You talk about your investors. I'm interested. Tell me a little bit about the LA scene. I know Frank Addante keeps saying, "Hey, the valley's cool and all but LA's where it's at. It's up-and-coming and it's more fun – all that sort of stuff." What's your opinion of the LA tech scene?

Jason Nazar: Yes, I spent a lot of times in both areas so I make a dedicated effort to make it up to the Bay Area in San Francisco a lot. You know by just the pure numbers, Los Angeles I think has been over the last year or two the fastest-grown segment of venture investment. It doesn't mean that in aggregate, the largest amount is here but it's just growing at the fastest rate and obviously, it's easier for us to grow faster down here than the Bay because there's been less of it. But there's a really burgeoning tech community down here. I think it's obviously different than the Bay. I mean the Bay is all about "the tech community" and Web 2.0

sites. It's very much more like a singular niche and community down here. It's a lot more entertainment. It's a lot more mobile focus too. What I will say...I talk about this a lot and I actually started writing a blog post about it...is that the stereotypical generic difference between LA tech companies and Bay Area companies is that Bay Area companies build these beautiful, amazing great user-experience products but they have their head up their ass when it comes to figuring out how to make money and companies down here in LA...

Adrian Bye: Some of them even have these hippie e-thoughts like you can't make money.

Jason Nazar: Yes, very Craig Newmark from Craigslist, right? The companies down here in Los Angeles build all those really ugly, crappy, shitty products but just, man, they make money left and right. You're probably not going to find any better example like MySpace. So many people will complain about that user experience when you go and sign in on the homepage, its hidden, and there're huge ads around it and you have to get a magnifying glass to figure out how to sign in. But, man, those guys are great at building the business, making money and monetising visits – the kind of stereotypical difference. Obviously, it doesn't account for all companies is that folks down here are deal-makers, hustlers and good at making money – just make that revenue happen. But on that product focus, they don't know necessarily how to build

Adrian Bye: Are they, though? I mean obviously there Intermix-MySpace, LowerMyBills for obviously lead-gen focus, I don't know much about PriceGrabber and what they did but aren't there a lot of fluffy companies in the LA area as well?

Jason Nazar: I wouldn't call them fluffy. I would just say what your focus is on. I would say in general as a stereotype and there's reasons stereotypes aren't accurate. What you just find is a lot of folks down here focus more on money and business, and a little bit less on product and user experience. Folks up in the Bay will focus more on product, user experience, getting traffic and reaching a critical mass, and a little bit less on making money. I think there's a lot to learn from both, honestly.

Adrian Bye: Do you? You don't just think in the Bay Area, they're less concerned about it because they can just get a bunch of capitals, raise their money and then not have to worry about it. I mean let's use Facebook as an example. They can just go along, do their thing for a long time and then worry about it later if they get to that point or just burn up.

Jason Nazar: I think it's just a matter of the pendulum swings back and forth, and there's a time and place for everything. A perfect example – LinkedIn was a company that didn't focus on making money for a long time. Probably the first two, three years, I don't think that was their focus at all. They really did establish themselves as the e-place for professionals to be online. They took all that critical mass, they took all that traffic, they took all that user-engagement and they added in what I think is a brilliant business model, right? Basically the idea that you can connect with so many people but if you want to have access to all these other people, you need to pay – you need to be on the subscription service.

Adrian Bye: They're still not profitable.

Jason Nazar: As far as I know, they don't share their...

Adrian Bye: As far as I know, they're not because they just raised another round like within a couple of months.

Jason Nazar: Yes, I would be careful of making the assumption that a company's not profitable because they raise rounds. I know a lot of companies that are very profitable, that raise money just because they have opportunity to or they see this part of their capital based on strategy going forward. What I think that they did really well is that they became the leader in that market, and they got an economy and skill that now lets them grow. Not everyone has that advantage. You can't always be the first in a category so what I think a lot of times people in the Bay will do is they'll try to go for a really big home run, be the first in the category, own and then raise a lot of capital money, and you can have a really big exit. Now, it's also more risky, and it's certainly a lot more risky in an environment like we're entering into now and we've seen the last couple of months. I think the lessons that you can learn from the LA-based companies will probably be really important, like make money at all costs, figure out how to keep your business afloat, be a really good deal maker – I think those kind of I'm-going-to-survive-and-make-it-all-costs attitude is going to be a really important lesson in skill set to have over the next couple of years, and then the pendulum will swing back and people will really have to start focusing on users, user experience, virility, growth and building great...

Adrian Bye: Fair point. I'm torn on the issue as an example with Facebook. I love using Facebook. I'm a total addict. They've raised \$500 million. That's half a billion dollars in money invested in the company. To me at this point, I don't like MySpace. I won't deal with all those ads. I swear I live in the Caribbean so hi5 is big here but that's kind of annoying as well. Facebook's obviously a lot better but, man, it seems like they could have put a little bit more effort into figuring out some monetisation stuff and they don't have to do aggressive things. It could be just through better use of virtual gifts and things like that. They're virtual gifts that the options the last time I looked at it is you can buy one for \$1 or you can buy 10 for \$10. You might get 10 for \$9 or something like that. There's a lot more things they could be doing to be selling things to people within Facebook that would fairly easily have enabled them to make more revenue and not have to raise half a billion dollars in capital. That seems just like a massive amount.

Jason Nazar: Yes, that's a good point. As a product of going to law school for three years, you'll often hear me talk about both sides of an issue and so please excuse me, that's what I'll do now. One the one hand, I think that's a very good point and I think had they been more focused on making revenue from the beginning...I wouldn't say they wouldn't or shouldn't have gone out and made that money but like I said...whether or not you're profitable, it's just part of the capital raising strategy of going forward just like profitable companies in the past will have access to lots of debt and have it on their balance sheet. So I do think that they could have focused more on monetisation and revenue from the beginning, and thought about how to integrate that. I think that their valuation was really just a sign of the times. The bottom-line is the period that we lived through in the past four years is unprecedented in modern economic times. There has never been such a free flow of liquidity and capital in the markets. What that means is that when there's so much cash floating around, you lose just a lot of common sense principles. When there's so much growth and there's so much liquidity and capital, you make these crazy assumptions of how things are going to continue to grow going forward. If a company grew at 200% or 300% growth year over year, you just extrapolate that out because all you're thinking about are these good times and you make these inane projections. Yes, a \$15 billion evaluation for Facebook which was higher than Ford at the time is really probably really crazy and I think that a lot of reports right now that they're going to try to raise more money at less of a valuation than they did with that Microsoft money. So there's definitely that side that I think all valuations in the last three years were completely out of control and I think that one of the things that we're going to face challenges with as entrepreneurs as angel investors in VC that are really going to come down on what they value companies at because if there's no liquidity in the market where it's a lot harder to get an exit, you're not going to necessarily be able to get those half a billion, \$1 billion, \$5 billion exits. You may have to settle for a \$50 million, \$100 million or \$150 million exit on your company. The economics on that are tough on VCs as it is

because they need these big wins in terms of aggregate numbers to carry their portfolio. But even besides that, you can't invest at a company at a pre-money valuation of \$50 million, sell it at \$75 million and really...

Adrian Bye: Let's talk about that because you've raised money. We need to talk through some of that stuff.

Jason Nazar: I'm happy to get into that. The other point of Facebook is the following, which is if you just look at how people use Facebook, I think by all accounts it's in the 10 most popular sites in the lab. It probably has a user engagement that's unlike any site. Maybe somebody goes to Google as many times a day but it's for very different reasons. What I will say is when you've built something that valuable, when you really built a place that people live online – that's not something that you can take all the money in the world and do over. If you gave the smartest people in the world \$100 billion, they couldn't just build what Facebook did. It's really quite a phenomenon. What I will say is there is a little bit of an X-factor, a qualitative factor which is yes, eventually they're going to have to get to profitability, they're going to want to stop raising money and they're going to be able to grow the company month over month and year over year on cash flow, profits and have that go up. What they've built is really pretty extraordinary. The fact that they've built an ecosystem in a community and a platform where people just spend so much time a day – that is really valuable. They've got some smart folks and they're going to figure out how to make money.



Adrian Bye: They should be really valuable.

Jason Nazar: Yes.

Adrian Bye: We don't know for sure yet. It's not proven.

Jason Nazar: No, but investors...

Adrian Bye: Maybe at the end of the tunnel, they could find out they can't monetise. As an example, you could say the same about YouTube. Google's still having problems monetising YouTube.

Jason Nazar: Absolutely, but that's what investors make the bet on. They make a bet on what you're going to be able to do in the future. They're not making the bet on something that exists. If you want a safe investment, go buy a piece of real estate. You're going to buy it for \$10 million. It's going to cash for this amount. You know exactly what it's going to be.

Adrian Bye: People might not agree with that in

today's market either.

Jason Nazar: Yes, in this market, all bets are off. You may not be able to make your money back on US treasury so if that's the case, then...

Adrian Bye: A question – you raised money from the LowerMyBills guys. Now those are obviously guys that know about lead-generation. Did they raise money to start their company?

Jason Nazar: We didn't raise money from the LowerMyBills guys. One of our angel investors in our first round was Matt Coffin. So just a small point of distinction.

Adrian Bye: Right.

Jason Nazar: It wasn't LowerMyBills. It was Matt Coffin as an individual.

Adrian Bye: But he is the guy who started LowerMyBills, right?

Jason Nazar: Yes, they raised venture capital for LowerMyBills.

Adrian Bye: They did start with an investment, did they?

Jason Nazar: Yes. I mean I'm sure that there were individuals that started off out of their own pocket but they raised, I think, more than one round of capital.

Adrian Bye: Okay. That's interesting because they're a lead-generation company and my feeling is in the guys that I've worked with that have been pretty successful, they build their sorts of companies just self-funded. So I'm curious as to if you're around lead-gen stuff, and you have experience with the power of lead-generation and how profitable that can be if it's done really well – why did you guys go and even start raising capital? Why not just self-fund?

Jason Nazar: Let me speak to it in general then I'll speak to us specifically. The reason that you fund-raise that you either take equity, you give away stock, you give up a portion of your company in exchange for money or the reason you take on a bunch of debt is because you think that you can grow your company at a faster rate with that additional capital and that for that there will be a larger exit. You'll sell the company for more money. So even if you own less of it or if you have debt against it that overall, you as the founder is one that end up making more money.

Yes, my dad was an immigrant and came to this country and basically built up a small family business on cash. Everything he ever did was on cash flow. I never even understood it that there were businesses that you could start until I probably started my MBA program where it wasn't just that you made money, you saved a portion of that money and then reinvested it in the business.

From our standpoint, I can't claim to say that I started it off trying to do a lead-generation business. I was 27 years old and I was running a consulting company and I would spend hours a day looking for documents online. I built up this really great repository of these digital documents on my own personal computer. One night at 1:00 AM, I thought to myself, shit, this really sucks. It's really hard to find really quality documents. There should be something like YouTube or Flickr for documents. That was literally probably three or four years ago. When my consulting company started winding down in my last year of law school, I just created this schlocky little PowerPoint presentation that's on Docstoc. I think it's called The History of Docstoc which at the time was called Docberry. I was like Al Gore when he went out with his presentation to save the environment and he turned it into a movie. I just started showing everyone this stupid seven-slide presentation that I created with MS Paint, cutting and pasting pictures from around the web. Most of the people said, "Hey, that's a dumb idea," and some people said, "That's kind of interesting." It was more the people that said they didn't like it that fuelled and motivated me. I didn't really start off trying to create a lead-generation business. I just wanted to build a place where anybody could get any documents fast, easy and for free. I thought that if I

could get enough traffic to it and if it could be large enough – it would be disruptive and I could sell it for some amount of money. So personally, I started self-financing it. I was a student in law school. First, I was working by myself and then I met Alon Schwartz who came on as our CTO and the cofounder of Docstoc soon afterwards. I maxed out my credit cards. I took all the monies I had saved up which wasn't a lot and I took out some student loans. I basically just tried to build Docstoc with a firm overseas in India. It was gaining traction, people thought it was an interesting product and then the space started to heat up in general. For me to continue it, I had to raise money. So I raised an angel round of capital for us as soon as I finished law school. Then once you do that, you're on a path where we started building the product without making money day one and it put us in this realm where it necessitated us raising money, quite honestly. The difference was we built a product that started growing at a rate that was, I wouldn't say exponential but it was different than most other websites where you're old now, we have over 2 million unique visitors a month and getting close to 10 million page views a month. So it's growing and people are using it. It gives us the opportunity when we have that skill to make enough money and profit off it that eventually it's going to be a good acquisition target. So once you raise money from angel investors and once you raise money from VCs, you're on a very different path than running any other kind of business. This isn't a business I can pass down to my children to run for the next 10 years. We've got to build this business up in terms of its profitability, engagement, usage and traffic. Then really in the next five to six years, try to sell it off.

Adrian Bye: One of the things that Alfred said on the call with him today. I was asking about starting a new company. He said, "Look. You've got to be passionate about it. You've got to be really excited because being an entrepreneur's hard. People make it out like business to be successful can be easy. It's not and there're days when you don't want to come in the office at all. You've got to be really excited about it so you can drive through all that sort of stuff." Are you passionate about what you are doing?

Jason Nazar: I'm unbelievably passionate, yes. What I can say is it's the most challenging, toughest thing I've ever done so far in my life, and I have the distinct pleasure and reward of getting to say there's nothing else I'd rather be doing in this world. I can really say that. There's nothing...

Adrian Bye: What do you want to tell us? Why do you not want to grow it because the Zappos guys, for example, had taken a bunch of capital to build and grow Zappos but they plan on building it as a long-term business whereas you're intent.

Jason Nazar: It just kind of depends within your DNA. I'm not saying that I want to sell it today. What I'm saying is that I like building things. I don't know that I'd be the right CEO for a 50,000-person company, running it as the head of the organisation and all the bureaucracy. Maybe one day, I'd like that but I don't think I'd like it now. What I enjoy is the process of building something and breathing life into it. So I do like the idea that we're trying to build a company that we have a goal in the next couple of years to try to get it to such a successful point in terms of its profitability and in terms of its engagement with people using it that we can sell it. You also do it because you want to make the money, right? If you can build a company over five years and sell it for \$X million or \$100 million and you have a significant portion of that, then as a founder, that's a pretty good proposition because then it just opens the door to do whatever you want.

Adrian Bye: Yes, sure.

Jason Nazar: The short answer to your question is honestly, I didn't start Docstoc intending to raise money or have it be a business that was angel-backed or venture-backed. I was just trying to build this product and I did it until I didn't have an ounce of money left. I just needed more capital to keep it going and that's what I did. Maybe at some point in the future, I'll be a repeat venture entrepreneur, raise lots of money and do that but

maybe the next business I do will be a total cash flow business and I'll put in a little bit of my own money. I'll just start making money and we'll grow it that way.

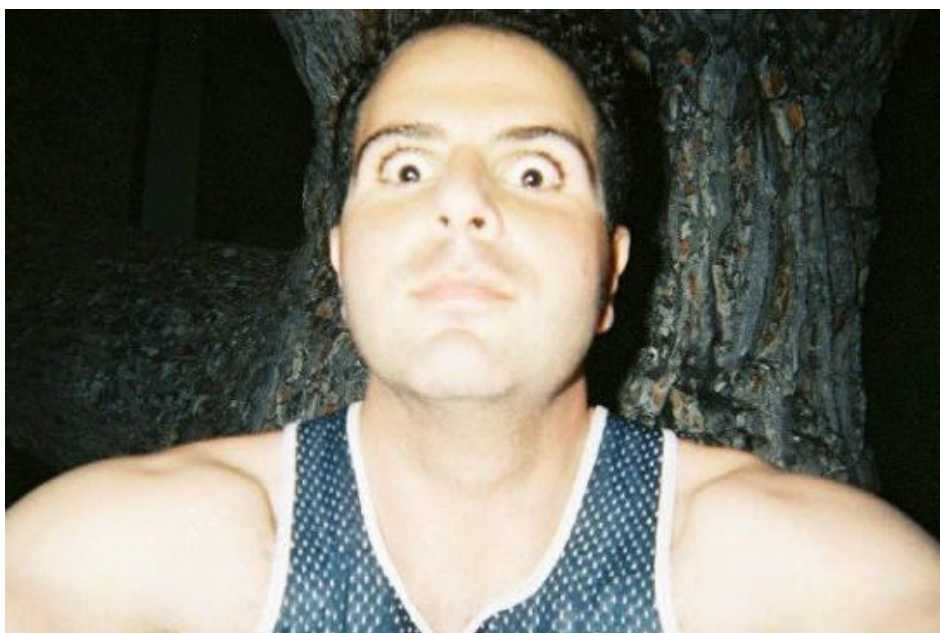
Adrian Bye: Why don't you tell us a little bit about Docstoc and how it actually works? I gave you my summary from a quick glance at the beginning. Just maybe you can tell us in a little bit more detail what you're doing and what the plan is?

Jason Nazar: Sure. The goal of what we're doing is to build up the largest repository of professional and productivity documents anywhere, and the value proposition is that you can get any document you need – legal document, business document – financial, educational, creative document – fast, easy and for free. Conceptually, it's similar to YouTube in that it's user-generated content. People all over the world upload their Word, Excel, PowerPoint and PDF files. You can preview all those documents on our site and then you can download them. So the idea is that there is a destination that for any kind of document you need for any reason you can come get fast, easy and for free. The way that we monetise this is (1) we have a lot of professional content so we're good at capturing what somebody's intent is. If somebody comes to our site and they're looking for an LLC operating agreement, a partnership agreement, an invoice template or a set of financials – we know a lot about what's going on in that person's life and what they're looking for. So there's the opportunity to have really targeted advertising against those documents as well as do lead-generation. To say, "Hey, you're coming here for legal document (X)...or financial document (Y)... Do you need..."

Adrian Bye: Given that model, why would you even have advertising? Why not just do straight lead-generation because that's hugely, hugely, hugely valuable leads that you can generate there – hugely valuable.

Jason Nazar: That's what we're working on right now so maybe you need to come over to the Docstoc office and help us out with it.

Adrian Bye: I don't know about that.



But it's an impressive model because that's what people need is leads. If you're generating those kinds of leads for an LLC or whatever else – someone's looking for an incorporation document, for asset protection or who knows what – if they're looking for free documents online, they're just getting started and they were at the time when they need to make those decisions. That's a natural thing is to look online. It sounds to me like you've got a phenomenally powerful business model.

Jason Nazar: I sure appreciate that. We're still at the beginning phase of it. We spent most of the first year really just trying to build a good product with our revenue model in mind and grow the traffic. Now that those two things are going pretty well, we've pretty much refocused all of our attention to developing out as successful a lead-generation model as possible. So that's really what we're working on right now.

Adrian Bye: How does that work? Let's say I'm looking to incorporate an LLC. Effectively, do you become a competitor for a Nolo press?

Jason Nazar: Nolo press is probably in a couple of different businesses. Nolo press is in the business of selling books and forms. They also, I think, have some professional directories. So I don't think we're a direct competitor. What I think that we are disruptive is, is anybody that's in the business of selling forms or templates, or selling documents. We have the potential to disrupt their business. For me, I always thought that, that was kind of dumb. The people are selling information that's already out there. I remember I would do search for just basic, simple legal documents. I remember my best friend in law school one day – he was looking for some kind of real estate agreement like an offer to purchase real estate. His mom wanted to put an offer on the condo and he's looking for an offer to purchase real estate. He put it into Google and he got all these kinds of results. There was some schlocky site that was selling it for \$30. He couldn't even preview the document and he bought it. He was like, "Wow, this is crap. This sucks! I wish I had seen." For me, it's just a market ready to disrupt. This information's out there and if you have any friend that's a lawyer or any friend that's a professional, a lot of times you can just e-mail them and ask them to send you a lot of these documents that you may need. But not everyone has that friend, right. There's nothing really proprietary about this information. Think of all the valuable documents that are on your computer. They're sitting on your PC or laptop.

Adrian Bye: My expensive lawyer is sending me mine so I'd rather have the friend sending me. That raises the question though. It's fine to put all these documents up there but how do you know what kind of quality they are?

Jason Nazar: There're two things. One is you can see from the interaction on the site and from the community what's most viewed, what's most downloaded, what's highest-rated and what's commented on so you can get a sense from how people interact from these documents on Docstoc what they find valuable. The second thing is it's really at your own discretion. We're not making a claim, at least not overall. We're starting to do more editorial things, and try to pull out and emphasise key content so you'll see more of that on Docstoc over the next year. We're not trying to say, "You should use (this)...instead of (this)...or (this)..." It's just, "Here's a repository. You can get anything you need fast, easy and for free. We've built in metrics in the products so you can see what other people like." The fact is I often knew what kind of LLC operating agreement I was looking for so if I saw four of them, I could say, "This is the one I want because it's got these clauses." Now, maybe not everybody has that but a lot of people are more discerning when it comes to their documentation than you may realise.

Adrian Bye: The community feedback would help. Obviously if you look at the community feedback on YouTube videos, they're pretty famous for not being very, very helpful. But in your stuff, I could imagine there'd be guys reading some of those and maybe even attorneys just going out and looking at stuff. I can see them posting and that would give you some point of reference.

Jason Nazar: Yes, absolutely and not every document is a legal document, right? You may just need a template to do a basketball certificate. Your son or daughter's in a basketball league and you want a certificate with a basketball on it to give to all the people. Do you really need a bunch of people commenting on that document or attorney to tell you what's good? No, you're going to look at it and see what you like. You may be looking for a book in the public domain like Tom Sawyer or Huckleberry Finn. You may want a PowerPoint presentation for a kindergartener teacher that he or she could use to teach on A-B-Cs or on counting. Certainly a portion of our documents and specifically legal documents – the more vetting there is,

the more editorial review there is, the more there is from the community is a huge value-add. There's also a large portion of our content where people are quite capable of discerning just from looking at it whether it's something they want or not.

Adrian Bye: The obvious question comes up that happens with all these – how do you keep porn out?

Jason Nazar: Honestly, we don't get a lot of it. On occasion, I think I've seen one or two documents in the last year and we've just deleted it. I think because people know that we're a professional site, we just really don't get it. Sometimes we get PowerPoints with a little bit more risqué photos. I generally like those. Sometimes I look at them myself. But we don't really ever get nudity or pornography and if that's ever in the site, we'll just take it out.

Adrian Bye: Do you have any collaborative filtering so that people can let you know if there's a problem? Do you like, "Report this document," or...

Jason Nazar: Yes, on every single document page, there's a link to flag a document for any number of reasons.

Adrian Bye: What percentage of your documents end up getting flagged for having problems and have to be removed?

Jason Nazar: Very few, very few.

Adrian Bye: That's just the audience. Now, that's another sign that as a lead-generation model, what you've got is incredibly powerful because you're showing the quality of the traffic you've got there.

Tell me – let's say I'm looking at a document and it's how to form an LLC. How do you capture my information, pass that on as a lead and sell it?

Jason Nazar: That's what we're working on integrating now. That will be on the site in the first year. Part of it is I'll defer your question because some of it's a little confidential and part of it – I'll defer it just because we don't have it done yet. But what I can say is if you go to the site after January 1st, you'll basically see it in there.

Adrian Bye: Alright. My one piece of feedback on that is as you're testing the implementation of it, I'd suggest you should be more aggressive rather than less and scale it back until you see what users are happy with.

Jason Nazar: That's generally the way I've done most things. My motto in life is ask for forgiveness, not permission.

Adrian Bye: Yes, if you've got 2 million uniques a month. You can easily check your user engagement on the site, monitor that very, very quickly and then test it.

Jason Nazar: Yes.

Adrian Bye: By what you're describing to me, you can be sitting on an absolute goldmine. You could have the Google AdWords of documents and lead-generations.

Jason Nazar: Thanks. It's basically what we're saying earlier. There is a balance. We've got users and people who use the site, and we want to build a product that's engaging, useful and helpful to them. Then we want to make money. So my nature's probably a little bit more of the LA guy – the deal-maker trying to figure out how and where to make money, and build a sustainable business. I definitely want to build as valuable and creative a product as possible but I agree. Our responsibility to all the employees and the shareholders is to build a really thriving and profitable business so we'll test anything and everything we need to, to figure out what's the best way that we can add value and make money for adding that value.

Adrian Bye: Yes, yes. That makes a lot of sense.

What else can you tell us about the model? What is not considered a document? Is a picture a document? Is a video a document? Where the limit? An audio file?

Jason Nazar: Probably it's what you just said. Audio files aren't documents and videos aren't documents. If something can live within a document and it makes sense... Sometimes people just upload PowerPoints – just the pictures but they're cool. They're neat presentations. Sometimes people will upload a presentation that's The 15 Strangest Bus Stations in the World. Is that really a document or is it a collection of pictures? I don't know but I've enjoyed going through that presentation. Is there going to be some bus station lead-generation that we're going to sell a lead to? No, but it's interesting content that people like. It's a lot of what people look for on the web. So that's a portion of our content. It's certainly not the majority but it's there.

Adrian Bye: Do you then become a repository for sites that are being promoted on Digg so you then have to deal with the Digg effect?

Jason Nazar: Yes, we've been on the front page of Digg a lot. I love Digg. I think it's a great site. I've gone to it for years to read and get alternative sources of news and I'm a really active Digg user myself. I think you interviewed Andy Sorcini. He's a good friend of mine and we met online, I think, two years ago. I'm a really active member of that community. I just really like it. I think it's really fun and a lot of our content has ended up being highlighted not only on Digg but on reddit, StumbleUpon and other sites. Because we're a content aggregator and because we deal in so many different topics, not just legal, business and financial – our content has a way of finding itself all over the web. We get a lot of people linking to us from blogs. A lot of times, our content gets promoted on social media. The other thing that we're really well-known for is a lot of sites use us to embed documents. If you go to TechCrunch, Huffington Post or Chicago Tribune – they'll take documents that are on our site. A lot of times, they'll upload the documents there for the specific purpose of doing this and then...

Adrian Bye: You guys are the ones hosting those, is it?

Jason Nazar: Yes, so the basic idea is I'm on MeetInnovators.com and I want to show off this press release, instead of having a link to say, "Click here to see this PDF or this press release," you can just preview that document right there on your site. The value is it's just an interesting better-viewing experience for users. It's not a paid view that no one use your site. It's a lot of times just a better way to share documents. Not always but, for example, the senate bail out bill came out with the proposed bill for the United States Congress to bail out seven hundred billion dollars for private industry which is crazy. Huffington Post ran a story on it and they embedded the bailout bill using Docstoc. When the California Supreme Court originally passed the ban against gay marriage basically saying, "We're allowing gay marriage" although it's now gone overturned in proposition 8. Chicago Tribune ran a story and they put that decision from the California Supreme Court in their post using Docstoc. So we provide a platform that if you're trying to share, promote or have documents

be consumed by the public – we provide a variety of tools and that being one of the most popular ones to allow you to do that.

Adrian Bye: That leads into my next question then. How do you get your traffic? If you're 2 million uniques a month, how did you start from nothing to get to that?

Jason Nazar: The traffic really comes from three main areas. I've got this whole philosophy on how you build traffic on the web. I'm happy to go over that with you but we get traffic...

Adrian Bye: Yes, please do.

Jason Nazar: Sure. We basically get traffic that people direct come to the site. We get traffic from a lot of referral sites so right now, I think one of our documents is embedded in a TechCrunch post that Eric Schonfeld wrote about are iPhones better than BlackBerrys. People see that and they click through to our site. We'll get traffic in a lot of blogs in general that link back to us. We'll get, obviously, people coming to Docstoc looking for documents and then also our documents get indexed in search engines. For example if you go to Google and you type in LLC operating agreement, we're the first natural result, not paid result in Google for LLC operating agreement so a lot of our traffic comes from natural search. To your earlier point, that is the power. Imagine how powerful that is for potential attorney to have the first natural spot for LLC operating agreement. It just so happens to be a document that I uploaded a long time ago.

Adrian Bye: I'm doing a search on LLC operating document. Is it a paid ad or a natural search?

Jason Nazar: I think the term is LLC operating agreement and if you put that in, we should be the first result.

Adrian Bye: Okay. Yes, I see it. So have you spent a lot of time on search engine optimisation for the site?

Jason Nazar: We spent a lot of time building a good product and we have the fortune of dealing in a file type that's text so it's, in general, very easily crawled. It's a lot harder obviously for a search engine to crawl audio, video or pictures. How do you do that? We happen to deal in content that search engines can easily crawl. For example, one of Google's missions is that they want to bring offline content online so part of what we're tapping into is we're unlocking all these really valuable documents that have laid dormant and hidden on people's computers. So it's a really symbiotic relationship. You upload your document to Docstoc because you want a way to really easily publish and share it. You want a way to get it out there to the world. You want to either get a marketing benefit from it and have people see your content or refer back to your site, or you just want to help build a large repository of content like the Wikipedia effect. Then Google, Yahoo! and all the search engines will crawl through our site and say, "Aha, here's a piece of content we've never seen before, and is interesting, valuable and cool," and it gets indexed in their results. I actually think that's the exact phrase that the search engine crawlers make. They go, "Aha," or so I've been told.

Adrian Bye: Dude, you're a dork.

Jason Nazar: You have not the slightest idea – big, big dork.

Adrian Bye: Are you familiar with a company called...

Jason Nazar: Why do you think I started in internet start-up, dude? It's the one thing you can do that being the bigger dork you are, the more cool you are.

Adrian Bye: You found that to improve your social life. You want to be able to go out to a bar and say, “Hey, I’m a computer geek.”

Jason Nazar: You get to literally wear a shirt like, “I’m the biggest dork,” and you’re just the most popular person in the room.

Adrian Bye: Yes, totally.

Have you heard of a company called Viewpoints Network?

Jason Nazar: I have not.

Adrian Bye: It’s started by a guy named Matt ... I’ve forgotten his last name. I interviewed him awhile ago. He used to run CoolSavings which is a lead-generation site. His company Viewpoints Network is a little bit like Epinions but it’s with a lot of social networking stuff built in so it’s a lot about sharing opinions on things. His aim and intent is actually basically identical to yours in that he’s using his content to do lead-generation but he’s come from a lead-generation community already so he really understands lead-generation like really, really in-depth.

Jason Nazar: Great. I’d love an introduction.

Adrian Bye: Yes, he might be someone that would help to talk to.

Jason Nazar: Do you think your audience would find it really interesting if we just talk about other people that we should meet right now?

Adrian Bye: No, probably not.

Jason Nazar: Probably not.

Adrian Bye: In terms of your traffic and this is an interesting point – you mentioned you’re friends with Andy. I interviewed Andy the other day and we just published it. It was, I think, one of the more interesting interviews I’ve published. The Digg guys have this thing going on with are you getting paid to do diggs and all this sort of stuff so first let me ask you, are you on the top 1,000 Digg rankings?

Jason Nazar: I don’t know. The bottom-line is I don’t know. I have a pretty high percentage of stories hitting in the front page. I think I submitted like 100 stories and maybe 30% or 40% of them hit so probably compared to other people, I’m doing pretty good. I’ve never been approached by anyone asking me to. Maybe I’m just not good enough. Maybe other people are but I never got approached.

Adrian Bye: I’m talking with Andy. I didn’t realise that these guys are communicating quite a lot about stories and what’s going on, and working to get content up to the front page. It’s what they spend a lot of their time on. Are you tied into that network?

Jason Nazar: I’m tied into a lot of networks, yes. I have a lot of friends from Digg, other social sites and Twitter on my chat. They’ll ping me throughout the day and say, “Hey, did you see? This story broke,” “This is what’s going on,” or “I’m doing this event.” That was kind of is cool in that I’ve made friends all over the world

just by getting into these communities. Honestly for Digg, for example, I read Digg for years and I really just liked it as an alternative source of news where you could...

Adrian Bye: I love Digg. It brings out the 13-year old immature boy in all of us.

Jason Nazar: Yes, I like that. There was that for sure and also what I really liked about it too is there were news stories that you wouldn't see on CNN.com, The DrudgeReport or Huffington. A lot of times, the user community would catch stories that were interesting that they didn't see. I'm Jewish and I grew up in LA but sometimes they'd have stories from...

Adrian Bye: You know by the way, you fit the profile of a lot of entrepreneurs. I've seen like 70% of entrepreneurs are Jewish that I've interviewed.

Jason Nazar: Really?

Adrian Bye: I'm a little bit stunned at how many there are.

Jason Nazar: Yes, I think it has something to do with the DNA of your parents. They both love and support you but you're always going after their approval so you're just trying to go for the biggest win possible. I don't know.

Adrian Bye: I just noticed. I'm probably going to write about it sometime like the 10 trends I've noticed but that's one of them. A lot of entrepreneurs. The ones that are successful have gotten into Ayn Rand. There's a bunch of them.

Jason Nazar: Yes, I read all that stuff in college. I've got her books. I think there is something that's passed on culturally. For example, I never saw my dad work for somebody. He just always worked for himself, tried to build up a living for his family and take care of us all. It makes an impression upon you. When you don't see your parents going to work everyday, you have a different philosophy of how you make money, how you grow yourself professionally and how you provide for your family. I think it's just a matter of it's a relatively small community of numbers compared to a lot of other ethnicities.

Adrian Bye: I mean in entrepreneurship, the Jewish community is way over-represented. I'm not Jewish and I have no contact with religion at all. I just keep noticing as I move up in business that, man, there's a lot of them.

Jason Nazar: Yes.

Adrian Bye: Fascinating stuff – very impressive for a small group. It's very well done.

Jason Nazar: I won't certainly try to take claim or things of my entire ethnicity or religion but...

Adrian Bye: No, you're just. No, a large percentage of my list is Jewish.

Anyway in terms of traffic, you're tied into the Digg community. Is that helping you to promote your site?

Jason Nazar: Yes, sure. Really what it comes down to is people just get to know you and like you so just because people know me as an active contributor to the community. I'll take a look out for stories that I like

from people that I think will submit cool, interesting things. When I do like the stuff they submit, I'll digg it and I'll leave comments on people's posts. It's really just a very human thing like if somebody sees me leaving a bunch of comments on their Digg stories, and engaging with them and reaching out to them, they do the same to you. So they're like, "Who's this guy Jason?" and "What's the site Docstoc?" They'll go there and they'll play around with it. So I'm sure that by me being...

Adrian Bye: You're the CEO of a company that you hope to be able to turn around and sell for \$1 billion, right? You're interacting with a bunch of 15-year old kids that are playing around on Digg.

Jason Nazar: Sure for some portion of my week. Yes, just like some people will make model airplanes, other people will go play basketball and other people will go to movies – it's what you enjoy doing. It's not the totality of what I do in my free time but the fact is that I kind of am an internet geek and I really enjoy diving into other people's products both (1) because it gives me a better sense of what builds a good product and what builds a good community, and (2) I just like it. If I'm asking people to get engaged and use the Docstoc experience, and I'm not someone that does anything like that on the web, it's a little hypocritical, right? It's a little bit more authentic to ask other people to do that which you like and do yourself.

Adrian Bye: Yes, I know and that's impressive. So your ties and connections into the traffic-driving community has really helped you grow your company.

Jason Nazar: Yes.

Adrian Bye: You use this a little bit more than...

Jason Nazar: The day that Docstoc went live, one of our pieces of content made the front page of Digg and our site got shut down for 20 minutes for it. That was all of a sudden a lot of people saw the site that nobody else had. It's not a really significant portion of our traffic anymore but yes, when we first started out and you're trying to figure out a way to get people to know about you in any and all way, and you don't have a budget – the fact that you're tapped into a social media community, and you know a lot of people that are evangelisers on the web, the blog, use social media sites and gets the word out virally – it's a really big deal. Look, I'm not trying to suggest that I just do this all out of altruism. I obviously really threw myself into figuring out how people drive traffic on the web to get as many people knowing about Docstoc as possible.

Adrian Bye: Why do you do that and not have four people on your team focused on doing that?

Jason Nazar: That's a good question. Part of it is what I just told you. I enjoy doing it. I don't really do this all as a business. Part of it is I just enjoy spending some of my incremental free time at 1:00 or 2:00 in the morning when I'm blurry-eyed from doing work just playing around on internet sites. I enjoy it. I like it. The other thing I can say is it's kind of like anything else where you've got to do it for the right reasons, meaning if you just go on one of these social sites and your only goal is to promote yourself...

Adrian Bye: Obviously, that's going to show up.

Jason Nazar: ...it comes out over time. People are smart and they catch on whether it's in person, over the phone, on IM or in chat. They kind of figure out your intentions. That's why a big company can't just hire people to go do this. It doesn't work. Maybe one time, you can get one story to do well in one social network but it's not sustainable over time. So my approach is I like these communities, I like these people, I want to promote Docstoc, I don't see any of them as antithetical to each other and I...

Adrian Bye: Do they ever come to you and said, “Dude, you’re asking me to promote this Docstoc story again but you are the CEO and you’ve obviously got a vested interest in this. We’re doing this for free and we’re not getting paid. But you’ve got financial incentive here so I can’t promote it.” Do they ever say that or it’s just like no big deal?

Jason Nazar: I can honestly tell you I haven’t got that reaction that much because I think if the only time people ever heard from me was asking for help on my stuff and I didn’t promote other stuff nor did I offer to help people back in return with whatever they’re interested in – yes, I would kind of just be a douche, right? No matter what it is. Forget social web – if you’re just always trying to promote yourself and you never try to help other people with their stuff or you never have any other interest in trying to promote yourself, you’re kind of like the guy everyone wants to stay away from.

Adrian Bye: How does that work? You want help so some guy says, “Hey, dude, can you help me promote these three stories?” so you go and vote on them and he goes and sends that out to everyone else. Is that how it works and then you kind of reciprocate for him later on? How does it actually happen?

Jason Nazar: I really don’t know how it works. I’ll be on Digg or different social sites. There’ll be different people I see that submit stories that I like their content so I’ll probably pay more attention to it and I’ll go check it. Every once in awhile, somebody will send me an e-mail like “Hey, I thought this was a cool story,” or they’ll shoot me an IM. If I think it’s a cool, interesting story and it adds value to the community, I’ll check it out if I’ve got time, right? It’s relatively...

Adrian Bye: So someone says, “Hey, here’s this story. Can you go digg it?” That’s getting one vote from you. I mean that’s a lot of work to go and send an IM to you to get one vote or does that get leverage because then your friends are likely to check it out because you voted for it and then it increases exponentially? Is that how it works?

Jason Nazar: I’m sure that’s part of it. There’re probably some people that watch out for the stuff that I do on different social networks and if I do it, maybe other people will follow just like other people will too.

Adrian Bye: Let’s say you had a story that you wanted to promote. Let’s assume that it’s not Docstoc-related. How many people are you talking to about that and what do you do? Are you e-mailing them? Are you IM-ing them? How does that actually work?

Jason Nazar: I just kind of dump. When we first launched, I put in one or two things and then I just kind of drill on. For what you’re saying, I don’t really submit Docstoc stuff. If people know me and they do it because they like me personally or they like the company, that’s great. Any help or notoriety that anyone wants to do, I’m very thankful for it but I don’t put in my own stuff into social media. I just kind of draw the line there. Also, I think people will get a little annoyed.

Adrian Bye: So you would never submit a story of anything Docstoc-related?

Jason Nazar: I typically don’t. If there was like some breaking document I got, if there was like I found out George Bush knew for a fact there were no weapons of mass destruction in Iraq, there was a report written up about this, and I can get the document on Docstoc and get it all over the web – yes, sure I’d do that. That’d be really cool like I just would like everybody in the world to know about this really valuable piece of content that I found and I put on Docstoc. But no for the most part, I just don’t. There’s also like a little fact that I’ve got a

company to run. There're 13 or 14 employees here. I don't really spend most of my time on doing those things.

Adrian Bye: I don't understand then. How is the relationships you have with the Diggs, the reddits and the other communities helping promote Docstoc? Is it just because they know who you are and they're like, "That's Jason's stuff and I'll give that an extra bump," or how does it go?

Jason Nazar: Yes, probably. Late night when I'm here in the office, I just play around with those communities, I'm active and I go leave blogposts – it's the same philosophy of I spend a lot of time just reading other people's blogs. It eats into my time, right? This isn't the stuff that I do during the business day but 11:00, 12:00 at night, 1:00 AM when other people are going out or drinking or partying – a lot of times I'll just take those hours to surf the web and look for other people's blogs. I'll leave comments on their blogs, share their posts with other people I know or I'll reblog on my blog about what they're doing. People will just kind of take notice and they're thankful and they check out what you do. I can't say for sure what the incremental value is but I know people...

Adrian Bye: How many times have you been on the front page of Digg?

Jason Nazar: I don't know. Probably more than like half a dozen, I would guess.

Adrian Bye: So six times.

Jason Nazar: Yes.

Adrian Bye: What about on reddit or some of these others?

Jason Nazar: We get traffic from those sites. If you look at our traffic at the end of the month, we'll get traffic from lots of social media sites so it's getting out there. Remember, what we have is a content aggregate. We're just dealing with lots of different content so it's a popular site in the way that Huffington Post is or an Engadget. The only difference is we're dealing in such a wide variety of content that it can get on there for any number of things.

Adrian Bye: Do you think that you would be getting on there if you weren't networking in the community?

Jason Nazar: Probably not as much just like you wouldn't get as many blogposts if I wasn't networking with bloggers. The fact is people will link back to Docstoc because they see me as an active blogger.

Adrian Bye: So it's more about almost brand recognition and knowing who you are, and it's coming from that.

Jason Nazar: Most. I think a lot of it is just, honestly, authenticity. People just kind of take to other people that are good folks and try to help them out. I really honestly don't claim to be the smartest or the best CEO. What I can say is I genuinely try to help out whomever I can, when I can. I'm not always successful at it but whether it's my employees here in the office, whether it's people that come asking me for advice on how to raise money or start a business, or whether it's a 15-year old kid that reaches me out over the chat and asks me to read some article that he wrote. I'm generally trying to be like a nice guy. I think in the end if you try to be nice and good to most people, it's eventually a better way to live. You're happier and it probably comes back on the end. Honestly, the best answer that I can give you is whether it's in social media, whether it's on the blogosphere, whether it's in trying to raise money – if you're just kind of down-to-earth, humble, not full

of shit, and tell people what you think you can and can't do – it's not necessarily always going to get what you want but I think people just respond to you a whole lot better.

Adrian Bye: We talked about a lot of stuff. Is there anything that we haven't talked about that you want to tell us?

Jason Nazar: What I'd say is I think there are a couple of really neat things on Docstoc that we've done recently that I would just love anyone to know about. We really try to make it as easy as possible to help get your documents online. Look, I know most people are not going to share their documents just like most people aren't going to upload a video to YouTube or add a photo to Flickr. I mean most user-generated content sites have less than 1% of people contributing and that's why we're dealing in scale. So the thing that I'll often say to folks is think of all the valuable documents you have on your computer. What if all of us started sharing all these documents? What a lot of people say back is, "Why would I want to share my documents?" The bottom-line is you may not. There're a whole lot of people that aren't going to share their documents but there are some that are going to and they're going to do it (1) because they want to promote their content, (2) because they want to promote their business, service or website and (3) because they want to just help contribute to a larger repository. If you talk to enough folks, they really get it out there. Part of it too is you just make the process easy for people. So really what we're trying to do is there're just billions and billions of these invaluable assets that live in document forms – Word, Excel, PowerPoint, PDF that are hidden, literally. They're trapped away on all these computers and we're trying to free it all up. Part of what we've done is just made the process of publishing these documents to the world unbelievably easy. You can go to Docstoc and the upload process there is seamless. It's sexy and it's cool. You can select multiple documents and do all of that. You can e-mail any document to Docstoc. The one thing you can do that I think is awesome is that anytime you get an attachment in the e-mail – if it's something you want to share, you can forward it to upload to Docstoc where you can select any document on your computer, just forward as an attachment to upload to Docstoc and it's just there, published for all the world to share.

You can download this application that we have called Docstoc Sync that's going to automatically scan your entire hard drive or any folder and upload all those documents. You can either set them to upload publicly so all the world can share them or you can set them privately so you can just use Docstoc as your personal online file storage for documents.

We just provided all these really easy ways. Generally, what I find is that when somebody just goes through that process like, "Alright, I'll try uploading a couple of documents," they find it to be really easy and painless, and then they come back and check the site a week later, and they see that their document got a couple of hundred if not a couple of thousand views, was downloaded and some people left comments – there's kind of an aha moment. It's like, "I get it. I can really easily take content I have and share it with the world. Then find other people's content." That's what we're trying to do. On the base level, we're building up...

Adrian Bye: What's the motivation for someone to do that? I mean now, I'll share my stuff with them for free when there's the risk of having all my confidential data compromised.

Jason Nazar: Yes. First of all, a lot of documents you have, have nothing to do with your confidential data. I'm not suggesting that you should upload your confidential data. I don't think anyone should. That's not the point. But there are probably a lot of documents that you use or have on your personal computer that are really valuable and helpful to a lot of folks that aren't confidential at all. The reason you do it is (1) because on all those documents, there are links back to your websites that you can put on like you can just upload your

document into what we call a profile view and anyone who sees these documents can automatically click over to your site. (2) A lot of times, you're trying to promote that piece of content itself so it might be a...

Adrian Bye: You're saying I could put MeetInnovators interviews up there?

Jason Nazar: Yes, of course. You could upload 500 documents and then have links on all those documents back to your website. It's free referral traffic.

Adrian Bye: Right.

Jason Nazar: The other thing is I gave you the example...

Adrian Bye: Are they no-follow links or are they follow links?

Jason Nazar: They are no-follow, they are no-follow. I think we've done both but they are no-follow so you're not getting the SEO juice from it right now but you still are getting referral traffic. The other thing is that it helps you rank for natural search so you can take a bunch of documents, upload them to Docstoc and you may be the person at the top of search engines for a term that's really important to you. I don't know. Maybe you're Joe the Plumber and you want to make sure when somebody types in Joe the Plumber to Google that you're the one that comes up. So you upload your PDF of, "Hi, I'm Joe the Plumber," and all of a sudden now when someone clicks on that link in the search engine, it takes to a page that's all about you.

Adrian Bye: You might outrank Joe's original site so that maybe not such a benefit as well though, wouldn't it?

Jason Nazar: It depends. Search engines are very smart. They have a way of figuring out what's the most valuable for a person on it. If you were promoting MeetInnovators and you upload documents to Docstoc called MeetInnovators, we're not going to outrank your site.

Adrian Bye: Yes.

Jason Nazar: Search engines are smart. They know that you are the primary source. But you may start to rank for all sorts of terms just by uploading your documents and then having the natural search lead to one of your pages.

Adrian Bye: Okay. Anything else you want to cover that we haven't mentioned?

Jason Nazar: No. I'm happy to answer any other questions.

Adrian Bye: No, I think we're done.

Jason Nazar: Okay.

Adrian Bye: Alright, Jason. Well, thanks very much for your time.

Jason Nazar: Yes, thank you. I appreciate it.