



## TEL EPISODE #037:

### ***How to Build a Billion Dollar App with George Berkowski***

Show Notes: <http://www.theelpodcast.com/tel-037-build-billion-dollar-app-george-berkowski/>

*Welcome to The Entrepreneurs Library, the only book-centric podcast that reviews all the top-selling business books and shares author's perspective, firsthand. This is your resource to finding the next great book that will enable you to grow personally and professionally. Welcome your host, Wade Danielson.*

**WADE:** Thank you for joining us on The EL. Today we have George Berkowski, author of *How to Build a Billion Dollar App*. Welcome, George, and thank you for joining us on The Entrepreneurs Library.

**GEORGE:** Absolute pleasure to be here.

**WADE:** Will you take just a moment to introduce yourself and tell us just a little bit about you personally?

**GEORGE:** Sure, absolutely. My name's George Berkowski. I've been involved in startups, technology, and all that kind of stuff for years, ever since graduating MIT. I'm kind of a half-lost Polish-Australian who grew up over there. After college in America, went to France. I've been working in a variety of different startups, both successful and non, from the very beginning.

Most recently was part of the early team at the international taxi app called Hailo. We've in over 15 different cities with a few million users and tens of thousands of drivers – kind of like the Uber for taxis, and greatly expanding into transportation. Sold a few startups before that, and then really wanted to focus on researching a new venture, which is what led to this book.

**WADE:** Excellent, thank you for sharing that. Now let's jump right into that book that you're speaking of, *How to Build a Billion Dollar App*, which was just made available for purchase on September 4th – or really it's for preorder, but September 4th of 2014. George, we're going to move quickly, but here are some

of the top questions our listeners would love to get answered. The first one is what was the inspiration behind writing this book?

**GEORGE:** That's the good bit: there really isn't anything out there in terms of books about mobile-centric businesses. Given that apps have only been around really for a few years, there has been very little in the way of driving what is the background behind building a really sustainable mobile business? Since it wasn't really there, and I was really neck-deep in the whole thing, I decided to actually put it all together.

**WADE:** Okay, very good. What would you say makes your book different from others regarding the same topic?

**GEORGE:** Here's the bit; some of my most preferred books out there are really written by entrepreneurs and people who have actually been in the trenches. There are too many wonderful books written by fantastic authors, but they're authors and they portray interesting stories, but they're not really something from the inside that gives you a really actionable perspective about what it's like and how difficult it really is day to day.

And that's what I really wanted to offer, was a realistic perspective of how fascinating, interesting, but also absolutely brutal, tiring, and sometimes absolutely uninspiring it is to build a world-class mobile company. And that's really what I try and communicate in this book.

And also really wanted to focus on the mobile companies that have made it billion dollar big. What's the difference between those 12, and now recently 13, mobile apps that have actually made it to the billion dollar valuation? What really differentiates those guys from the two guys who are building an app in their bedroom? What causes one to suddenly become the other?

**WADE:** Yeah, absolutely. I tell people frequently that my favorite authors are entrepreneurial authors because they all have experience. They're not teaching off of theory; they've all went out there and built businesses and experienced what they're talking about. So I love that part of talking with them.

How do you want the reader to engage with your book? Is this a book that they can jump in certain chapters and take the content out? Or is this a book the way you designed it was to read from beginning to end?

**GEORGE:** This really can be read either way. What I really tried to do is divide the book into two sections. The first part, which is about the first third of the book, is really about thinking big. What does a billion dollars really mean? Really, that's about something that touches a vast majority of people in the world. What touches the common human element of psychology? What really gets us so enraptured about ideas like Snapchat or Uber or Candy Crush? What is it that is infectious and human about that?

I think there's a really interesting psychological element to that, not only to understand how those apps have gotten so big and how businesses really get so big, but also how do we dissect that with a framework and make it really, really interesting and analyzable, and therefore hopefully replicable for new businesses to come?

The second part of the book is really both written in a pragmatic way, but also full of really interesting stories and anecdotes of how it really happened, about how to build a billion dollar app. It's broken into five parts, which is how do you build a million dollar app, a ten-million dollar app, a \$100,000,000 \$500,000,000 and a billion dollar app?

While it may seem almost trivial and comical to break it down into those numbers, the goal was really to pull out some round numbers that roughly correspond to the different funding rounds, which themselves correspond to the different types of life cycle of your app or of your business. And they correspond whether you're in the internet business or the app business, but it's a really interesting way to look at the evolution of real companies and figure out the stories, the transitions, and the elements that need to happen at each one of those points on which you can build to get to the next point.

That's the kind of adventure that we saw at Hailo, having got up to that half billion or so level, and then pushing through to the next level, which hopefully the guys are onto. I left the company towards the end of last year.

**WADE:** Okay, excellent. This is my favorite part of the interview, and you've already started to dive in a little bit to the actual book and its different contents. But this is a part where I just want to basically hand the mic over to you and allow you to talk about your book in any way, fashion, or form, to take us through. It doesn't have to be chapter by chapter, but really give us a great rundown of what this reader that's listening right now can get out of your book.

**GEORGE:** Yeah, absolutely. There are two parts; we started to allude to that. The first part is called Think Big, and there's a few different subparts to that. It starts off with a view from the inside. What I really want to do, both for the experienced entrepreneur and also the first-time entrepreneur, is what is the view from the inside? What does it really look like? Recount the stories of a lot of people that I know in Silicon Valley, in New York, in London, in Berlin, and the businesses that they've gone through.

Then we spend a little bit of time talking about mobile genetics, which is really why is it that mobile presents the most exciting opportunity now? We dive into a variety of different areas and reasons why different parts of the world are actually eclipsing the desktop and going straight to mobile, and all of a sudden we're seeing 1.5, 2 billion people that have access to these mobile platforms, and what that really means and why that is breeding a different kind of entrepreneur and a different type of opportunity.

Then at the end of the first part, we really go into what makes an idea a billion dollar idea and go through a variety of different frameworks from – some might consider a bit off-kilter and a bit orthogonal, but things like the human universals that all human cultures in the world share, and how do the apps that have really succeeded actually tap into these human universals across the board? That starts to get really interesting; we go through a number of different frameworks like that.

The second part of the book is called The Journey, and that's where we go through the different steps of actually building a billion dollar app and how a variety of different companies have done it, whether it be Instagram, whether it be Snapchat, whether it be other guys such as gaming apps like Supercell, or guys in the magazine business like Flipboard. We really analyze how they went through the step-by-step growth.

The first part of the second part of the book is called The Million Dollar App, and it's all really about building a founding team, validating your product or your service, and really getting that first bit of money that you need to get to the point where you've got an app that really makes sense, that people can play with, that people can touch, and how do you go about that practically?

I think this book is a really good mix of stories, of actions, of things that other people have done, of things that you can do, but also the way that it actually has been done by the different billion dollar guys.

The second section of Part II is really about The Ten-Million-Dollar App, and this is the really key idea of achieving what's called product-market fit and raising your Series A financing. And this is really where I think a lot of apps trip up, where people don't get to the point where they've built the right app or the right service for the right audience. And it really gets into the practicalities, the exercises, the operational bits that you need in order to achieve product-market fit and even measure it, and even objectively figure out how to figure out whether you're at that point. And that's super important. We go through some really, really interesting examples of how we did it at Hailo and a number of other companies as well.

Step 3 is really about The Hundred-Million-Dollar App, and this is really getting into pretty rarified territory. Not that many companies get to this realm, but this is really about after you have actually built a product that people want and people are really pulling for it quite hard, how do you tune your revenue engine? How do you really figure out how to earn money, not just revenue, but also profit? And then it's a question of how do you start growing that at the same time as growing

users, and then potentially raising more money to accelerate that cycle even further?

This section is really all about a series of mechanics, whether it be matching revenue, whether it be actually user acquisition and user retention. It's also about going international, and how actually this whole growth curve is a real b\*\*\*\*, and how managing all these things at the same time is very, very complicated.

If you actually make it through this step, we go to The Five-Hundred-Million-Dollar App stage, which is again scaling your business, which is taking something that is robust, that is profitable, and how do we really sink some deep roots and make it work internationally? A huge part of this part is about people. It's about hiring big hitters, it's about putting in operations and process, it's about scaling your product development and engineering and scaling people. We bring in some really good examples and thinking from Google and Facebook to offset the guys like Uber and Hailo, who have had huge operational challenges to hire huge amounts of people to actually achieve this kind of success.

And then we investigate the different business models to actually get here. And again, it sounds a bit dry when you're describing it, but the nice thing about it is that we really punctuate it with lots of stories of how it happened at Square, the payments app, the bumps and the hiccups all these companies have had, and the stuff that you may not have really read about or realized about how companies really bounce back from this.

The last section is really about The Billion Dollar App. What does that actually mean? There's been a lot of press around the Billion Dollar Club and how it's not that exclusive anymore. Well, I think we all know that it's pretty damn exclusive. But it's about what is the perfect mix of all these attributes, of all this timing, of the right product, of the right brand, of the right people, of excellent execution, and pulling that all together.

I think a huge part of this last section is advice from billion dollar CEOs that has come from a number of interviews, a lot of research out there, and also how to manage this kind of organization at a billion dollar scale. There are a lot of

misconceptions about billion dollar companies or billion dollar apps out there, that they're run by kids in Silicon Valley. But what we see from a lot of the research is actually yes, there's absolutely some anomalies and outliers of guys like Evan Spiegel running Snapchat and a couple others who were quite young when they came to the helm.

But what we find that's really interesting is that these unicorn companies are typically founded by people in their mid-30s. Typically people who have worked with their co-founders before, typically people who have had two or three businesses before; some of them have been successful and some of them have been failures. And it's all about the experience and the execution on top of that.

And then at the end, the message I really want to communicate is that it's about the passion and it's really about building a great company. It's about adding value. And if you can get the perfect intersection of all these things, you have a pretty good chance of building a pretty successful and spectacular business.

**WADE:** Excellent. George, that was a fantastic breakdown of the book, and I think that's what makes this next question so difficult, because you just talked about a ton of great content within your book. If the reader could only take away one concept, principle, or action item out of your entire book, what would you want that to be?

**GEORGE:** That's a good one. I don't think that this is purely the focus of apps or mobile or even technology companies. I think when you have a look at it, when you talk to all these CEOs and founders of amazing companies, whether they're doing something sexy or unsexy or something new or something classic, what you see is a remarkable passion for doing something important and meaningful. It is that infectious spirit that allows them to build a team of people with a similar infectious spirit, that then infects the product and the service that they're offering.

So it comes back down to that real adage of do something you really love, but really inject a spirit of innovation, of something different, of something fresh that will actually allow you to go build a great company. When we look at it, it takes on

average, for all the companies in the Billion Dollar Club, whether they be apps or technology startups, it takes on average 7, 7 ½ years to get there. This is no insignificant amount of time.

So if you're going to work furiously for a long period like that, do yourself a favor and work on something that you honestly believe in, something that needs to be changed, that needs to be fixed, and then you'll have a fantastic ride irrespective of the result.

**WADE:** I have some great quotes that I can pull out of this interview so far, especially that last question that you just answered. But our next question is actually that: do you have a favorite quote from your book?

**GEORGE:** Yeah, I think, and I actually ended the book on that quote. I know it's from a guy who's relatively well-known, but it's a good quote. And it's a slightly longer quote, but it resonates with that last point, which is I think particularly interesting. Having myself worked in startups for a long time and worked long days and long hours and experiencing excruciatingly high highs and low lows, I think this really encapsulates it for me.

It goes like this: "Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart, you'll know when you find it. And like any great relationship, it just gets better and better as the years roll on. So keep looking until you find it. Don't settle."

I think that really summarizes it for me. They're the words of Steve Jobs, and I really think that it resonates with a lot of the people that I've talked to in putting this book together.

**WADE:** Absolutely, that was extremely powerful. This next question kind of goes along with that in the fact that we're looking for a book recommendation from you based on something that was powerful, that created a paradigm shift in your



life. Do you have a book that you could suggest to our listeners/readers that really helped create a paradigm shift for you?

**GEORGE:** Yeah, absolutely. Over the years, I've read tons of management books, technology books, biographies, and so forth. But I have to say, there's one that I've reread many times over the years that has really helped and infected my thinking in terms of not only creating a company, but also a product and how to communicate that. And that's a book called *Made to Stick*.

The notion there really is that in order to have a sticky product or a sticky service, there are a number of things you really, really have to achieve and focus on, from the simplicity of the message, from the credibility to actually implement it, to a variety of other factors.

It's a simple book and it's a short book, but I thoroughly recommend it because too many people use it just to focus on the marketing and the PR aspect, but coming from an engineering and a product background, I think if everyone in an organization asked themselves the six questions that are embedded in that book, then they will really create something powerful. I won't share what those six things are; I'll let you find them out in the book. But *Made to Stick*, definitely a 5 out of 5 stars.

**WADE:** Excellent. I might have to see if I can get Chip or Dan – I'm not sure if they're brothers or not. I see it's by Chip and Dan Heath.

**GEORGE:** Yeah, they are.

**WADE:** Okay, they are. Excellent. I'll have to get them on and maybe they'll help cover that as well. Excellent recommendation. I had that book within arm's grasp, so I grabbed it as soon as that was your recommendation.

George, before we depart, can you recommend the best way for our listeners to get more information on you and your new book, *How to Build a Billion Dollar App*?



**GEORGE:** Absolutely. For the last few months, I've been blogging at mybilliondollarapp.com. It's a collection of all kinds of information, very focused on just our 12 billion dollar app friends and what it really takes for them to go, to move and to grow at that level. So I've tried to keep really focused on there as well. And/or follow me on Twitter @georgeberkowski. That'd be fantastic.

**WADE:** Excellent. George, thank you so much for coming on and sharing your creation with us.

**GEORGE:** My pleasure.

**WADE:** Thanks again for listening in today. If there is a book you would love to hear reviewed by the author, please visit us on iTunes and leave us a review with the book title and we'll get that interview done. If you would like to get your hands on *How to Build a Billion Dollar App* or any of the other resources mentioned by George, just look at the show notes at TheELPodcast.com.

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#### **LINKS AND RESOURCES MENTIONED IN THIS EPISODE:**

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