

Karen Zelnick:

So many founders sacrificed to be able to get their startups off the ground, but not many of them move to Thailand to be able to make it happen. Today we're talking with Josh Nielsen, founder and CEO of Zencastr, a successful podcasting platform, and investor Gavin Christensen, to bring you both sides of a Perfect Pitch. What is Perfect Pitch? It's a podcast from Kickstart that reveals the minds of both investors and entrepreneurs throughout a startup's journey. I'm your host, Karen Zelnick. Josh and Gavin, thank you so much for being here today.

Josh Nielsen:

Yeah. Thank you for having me, I'm very excited to be here.

Gavin Christensen:

Great to be back.

Karen Zelnick:

And Josh, you are the founder and CEO of Zencastr, which is a modern recording tool for quality-conscious podcasters, and also the platform that we're using today, which is so exciting. And you've founded and co-founded a couple other companies, and I'd love for you to tell us about that, and anything else you'd like listeners to know about you.

Josh Nielsen:

Yeah. No, this is not my first trip around the block, but I would say as I think most successful startups come from, they came out of the ashes of a few failed attempts for sure.

Karen Zelnick:

And Gavin, always great to have you back on the show, glad to have you. And I'd love for you to tell return listeners one thing they might not yet know about you.

Gavin Christensen:

Beyond reading, I love to play racket sports. And when I can't get a good match of tennis in the morning, I like to play some VR Ping Pong. I've competed more in VR Ping Pong than I probably competed in anything in my life. Just because you hop on and you play, you're just nonstop, you don't have to pick up the ball, you're just battling it out. And my family's laughing at me at just how sweaty and intense I'm getting. So anyway, it's just a new world. Probably is important to know since we're talking about VR, the folks in the Kickstart team that are listening in on this are both pretty deadly in Rec Room Kickstart Paintball.

Karen Zelnick:

The capture the flag games have come quite intense. So.

Gavin Christensen:

Yeah, there's been some good battles for Kickstart.

Karen Zelnick:

Now everyone listening rushes out to buy a VR headset. They're all going to be joining in on the fun. But Josh, I would love to just dive into the Zencastr founding story because it is so great. You bootstrapped the company in Thailand and now you're taking over the podcasting industry, which is amazing and fun to watch. Can you tell us about your first inspiration for Zencastr and what got you interested in the podcasting space?

Josh Nielsen:

I've been around podcasting ever since I started my career. My first boss was Jason Calanis and he was doing the This Week in Startups podcast out of there. And it always was really interesting to me. And I always saw how well he was leveraging that to build his brand and get deal flow. I mean, I actually found my job at that company through that podcast, so it was obviously working that way. But that was before I was even trying to do my own thing at all. I went on and worked for startups and joined Techstars for a little bit, and did some things like that. And it wasn't until later on when I was trying to build something totally different in the audio space that someone said, "Hey, I don't know about that, but podcasters have this problem with quality, maybe you could help there."

Josh Nielsen:

Back then the tools and the browsers just weren't mature enough, I think, to really even do it. They were theoretically possible, but I don't think it really would've worked. By the time I came around back to that idea things had matured and I decided, "Hey, let's see what the problem is." I started talking to some podcasters, and I realized that they were all using Skype call recorders at the time. Zoom wasn't even really on the radar. I don't know if they just didn't have recording or what it was. But they all had the same problem where you would record, signal breaks up, we don't want to record that, because we don't want to send that to our audience. And that was the problem, that Skype recorded everybody onto a single track. And it recorded it with all of the VoIP artifacting, and the robotic sounding voices or complete dropouts sometimes. So it was really frustrating process for the creators and their audience was flaming them on Twitter. They'd even say ahead of time like, "Sorry guys, we had a bad internet connection. Deal with it." People were not happy they were-

Karen Zelnick:

People were not dealing with it is what you're-

Josh Nielsen:

They were not. Right. It's just because it's super annoying. As much as you like whoever the podcast is, or even the content, when you've got one person that sounds relatively normal and the other person is cutting out and sounds totally drastically different, it kind of plays ping pong with your brain and people just turn it off. I decided, "Hey, I could probably build a prototype for this." I thought it would take me about six weeks. Took about eight months. I mean, especially with this where it was like experimental stuff with using experimental new technology that was in beta and all that stuff. I should have known, but I'm an engineer and I enjoy building more than thinking about how to market the thing. So I kind of just leaned into my skillset.

Josh Nielsen:

Luckily, the prototype that I built hit product/market fit right out of the gate. It didn't have storage, you had to hook up your Dropbox account. It didn't have video or audio, so you'd open up Skype, you'd have your call and you'd say, "Hey, also open up Zencastr and pull your mic in and we'll record your audio

while you're having this conversation on Skype." But it was enough to get the quality that people wanted and to validate that people actually wanted this. That was kind of the how it came to be. There's a lot more to that story, but you [crosstalk 00:05:28] what you want to know.

Karen Zelnick:

Yeah, like Thailand. I feel like I just kind of brushed over Thailand. And before we get to Gavin, I know Gavin has a lot of thoughts, and I want to get his input on why Zencastr was so interesting. But I do want to talk about why where you in Thailand?

Josh Nielsen:

I had been building this company sound key for music that didn't work out. Then I was trying to build a... it was called robot audio. It was a digital audio workstation built into the browser, kind of like a Ableton Live sort of a thing, but with collaboration. I was passionate about it, but there's so much to build, there's so many unproven technology at work in there. All along this time I found out I had a baby on the way. And I was like, "Okay, this baby is not going to wait for my path to revenue. This baby's coming." There's a hard timeline here. I just was like, "All right, let me throw this big, long-term project to the side for a little while, and see what I can do with what I have that gives me a quick path to revenue."

Josh Nielsen:

That's when that conversation popped up. I was like, "Huh, podcasters have this problem. Maybe there's something there." In the middle of all this... my wife is from New Zealand, and she wanted to go home to have the baby. That was another factor, is I couldn't really get a job, because nobody wanted to hire me, because I was saying, "Yeah, I'd love to have this job, but in three months I have to leave to go to New Zealand, and I'm not exactly sure when I'll be coming back."

Karen Zelnick:

Yeah, puts a little bit a damper on the employment situation.

Josh Nielsen:

Yeah. Nobody's really looking to sign up for that, at least back then. Nowadays, that's maybe more of a normal conversation, but remote work was kind of hard to get into at the time. And then my visa expired in New Zealand. And we had launched the beta, it hit product/market fit, it was getting traction. I said, "Hey, I need to just focus somewhere." Going back home felt like the wrong choice, because then you're back with all of your friends and family. And there's all of this other stuff, which is great. But at that point in time, I just really needed laser focus. And so my wife has always been a fan of Thailand, and she'd always tell me how amazing it is. And it's kind of known as a place where you can live and work for relatively cheaply and get stuff done.

Josh Nielsen:

So yeah, we decided to go there and just found a villa off of a dead end road, off a dead end road, off of an island, off of an island in Thailand. And yeah, I just sat in that room all day and all night, and just cranked on getting the paid plans launched. Up until that point, I'd actually been doing it on the side. I was doing contract work. It's hard to do that and get ahead. And I was already getting support requests, and ticketing, and all that stuff. And so, things had really kind of ground to a halt. And that was when I

was like, "Okay." Quit my jobs. I did five credit card applications at once, so that they wouldn't see each other on the credit checks. And just lived off that until we could kick Zencastr into paid plans.

Karen Zelnick:

I love that visual. This founder just really being really scrappy and making it work. And Gavin, I would love to know your initial thoughts when you first learned about Zencastr and why you were excited to invest.

Gavin Christensen:

It's really hard to create a successful startup. It's generally a lot harder than any comparable job. There's a lot more risk and sacrifice. Nobody really wants to deal with a startup. And so you have to do something that's just better than everything. And so if you have strong founder opportunity fit, meaning this founder is just going to do this thing, they are the one, they have the passion, they have the grit, they have the vision. And the more we talked to Josh, the more we realized we saw that grit, we saw that vision, and the determination, and the passion for building. Because he is in Thailand, it doesn't have an amazing internet connection, he actually architects this thing in a way that really works for people who are remote from each other doing podcasting, even on dicey connections. And really anticipates the situation that we have in the pandemic. And this is now the default. And his team had the technical chops to create something where there was real technology advantage, which you don't see all that often.

Gavin Christensen:

So just a couple things that we saw early, we happen to be a team that's pretty passionate about the audio space, just personally. So it was just really fun to say, "Wow, we see the impact." I've often joked that I've paid a lot for my education. If I was asked, what would you rather give up, your education or Audible Plus podcast? It'd be tough. It'd be a [inaudible 00:09:56].

Karen Zelnick:

Yeah.

Gavin Christensen:

I've just been personally passionate about audio since I used to make my own audio shows when I was 11 or 12. This is an aside, one of the big occupations we've done this summer is bought an Airstream. And I talked to Josh about this, and we did a lot of camping as a family. And one of our traditions, partly because we have kids that will never go to bed, is that we would put on kind of classic radio shows every night. And usually it's The Shadow. And I did that as a kid. So anyway, that was part of it for me is like, "Wow." So it just was this amazing, democratizing of creation that we've seen in other areas that we were excited to see in the space.

Karen Zelnick:

Josh, do you get so excited hearing people talk about how passionate they are about the audio space,

Josh Nielsen:

Just in the matter of the last five years, maybe even just three, suddenly everybody now is like a podcast fan, has an idea for a podcast, is excited about podcasting just in general. And it's great to be a part of

empowering that. One thing I'm really glad about is that the route that we took was, let's build a bootstrap and build a profitable company. And then if it's looks like it's got legs to really go into hypergrowth mode, you then raise money when it really makes sense. And you've got a lot less risk on the table, I think.

Gavin Christensen:

I would just jump in and say deciding when the right time to take money is a big deal. So I've had the privilege of working with entrepreneurs two even three times. And I think one of the things that entrepreneurs that do it right... they run a great process and they don't get in a hurry. And what Josh was dealing with, which is really wanting to do something in this space and having a lot of passion for, but letting the customers kind of draw him where they were willing to pay. Basically, trying to find product/market fit, but also having the urgency of his family's financial situation and the credit card debt.

Gavin Christensen:

One of the things I say about entrepreneurship is it's a slowly unfolding crisis when done, right? And to be honest, with these entrepreneurs that they were on their second or third one, they kind of try to create that environment again, because it leads to great creative, long-term thinking, but also enough short-term thinking to be tactical. So I just want to highlight that we saw in Josh, this guy ran a great process. And now, what could this guy do with money?

Karen Zelnick:

Yeah. And if you could define, "They ran a great process." If you could break that down into a couple steps, how would you define that?

Gavin Christensen:

I would say it was him trying to find product/market fit in a space he was passionate about under time pressure. And so, therefore, it was what's the minimum viable product that someone will buy?. And, by the way, he happens to be a world expert in the space. And so it's going to be him or someone like him that figures it out, which is always a beautiful thing, when someone is innovating in a space that they know better than people in the world. So those are some of the components that really matter.

Karen Zelnick:

And Josh, did you ever see Zencastr becoming such a large part of the audio industry today?

Josh Nielsen:

My last two projects, only like 30 people ever registered total, you know? The goal at the time was I read this book and listened to some content around this bootstrapping strategy called 30x500, which is you can get financial independence for yourself and your family if you can get 500 people to pay you 30 bucks a month. I don't have to change the world, I just have to change 500 people's lives. That was a great place to start. What then happened was it just kept going. I always wanted everybody to use Zencastr, that's why we have free plans, and we still do. I didn't want to give anybody a reason not to use our platform and that has served us well over the years.

Josh Nielsen:

But I think that was kind of the first inklings of what I'm now really excited about, which is how big can we get this? How many creators can we actually help? That was a hard transition, though, to go between those two places. And I think really what helped me get out of there was one, bringing Adrian on as a co-founder. He kind of knew how to take it the next step of the phase and help me along that path. And also the competition got hot, a bunch of players coming in building kind of copycat products or big players trying to acquire products like ours. And I saw that a lot of the new competition coming into the space didn't have, necessary, a generous approach toward the podcasting ecosystem. And so, that just gave us further fuel to have a strong mission around being a good grassroots player in the podcasting space that can help these creators all the way from the beginning to the end. There's nothing that we build feature wise that is not something that we're getting asked for.

Karen Zelnick:

Josh, I've really appreciated the discussion and the insights around starting out, and having to bootstrap it, and taking it to this exciting phase. And I just have one final question for you. What's an effective practice that you've implemented in your work or personal life that has had a great impact on your success.

Josh Nielsen:

I kind of go back to that time in New Zealand and Thailand where I didn't know anybody, I was just stuck in a room and I had complete focus. That was critical. It's harder now that I've got kids that are growing up and all that, but that was something that was really helpful and critical I think to the initial success of the business. Now just more process wise, something I've picked up in the last year and a half or so, is Bullet Journaling, just on paper with a pen. It's always there and it kind of keeps you grounded. And I think the process of writing things down just kind of helps. And it pulls me a little bit out the digital space. Sometimes your mind can just get a little too digitized, or whatever, by being at a computer all day. And so it gives my hands some time to do something different. And then if I don't fill it up, then I have my daughter come in and she writes, draws pictures for me.

Karen Zelnick:

Oh, those are so great.

Josh Nielsen:

That way it'll be actually worth looking at again someday in the future.

Gavin Christensen:

I kind of found the same thing. I tend to go for sketchbooks and, or digital version that are blank. It does something different for me than typing everything and it's very helpful.

Karen Zelnick:

100% agree. We can all link our favorite journals in the show notes everyone can shop. But this has been such a wonderful discussion, I really appreciate both of you being here. Thank you so much for the time today.

Josh Nielsen:

Yeah, thanks for the opportunity. It's my pleasure.

This transcript was exported on Nov 23, 2021 - view latest version [here](#).

Karen Zelnick:

And of course thank you for listening as we dive deep into what it takes to create the perfect pitch. If you want to learn about our investor, Gavin Christensen from Kickstart, or our founder, Josh Nielsen and Zencastr, we'll have a link to the company and a longer bio in our show notes at kickstartfund.com. You can listen to more episodes of Perfect Pitch wherever you listen to your podcast. And if you like what you're learning, leave us a reviewer rating. We'll be back next time with more insights from entrepreneurs and the investors who fund them. So be sure to subscribe so you don't miss a thing.

Josh Nielsen:

Have to give you my shadow impression if we have time.

Karen Zelnick:

Yes, that's going to be at the end.

Gavin Christensen:

Oh, I think we have time.

Karen Zelnick:

I think we do have time.

Josh Nielsen:

All right, let me give you two. "Who knows what evil lurks in the hearts of men?" The Shadow knows."

Karen Zelnick:

Yes.