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By Keaton Gray

Should Your Company Go Online-Only?

For many 2009 Inc. 500|5000 honorees, conducting business almost exclusively online is a win-win -- less overhead and bigger profits, while providing a 24/7 experience for customers.

It was graduation week, and like many matriculating seniors, **Genevieve Thiers** wondered what she would do with her life. She worried that her classical Opera training might not provide the immediate financial relief that she would need to pay the bills. That's when she spotted inspiration: a pregnant woman. She watched the slow, belabored steps the woman's swollen feet took up the staircase; she watched the woman grab the railing for support as she pulled herself up the stairs like a pot-bellied mountaineer hoisting himself up a steep rock wall. The woman was trekking across the Boston College campus, posting fliers soliciting a babysitter.

Pistons began firing in Thiers' head. She recalled thousands of nights spent babysitting as the oldest of seven children. She saw how inconvenienced the pregnant woman was by drafting, printing, and distributing flyers, not to mention actually finding a worthy candidate. And Thiers knew there was a relatively simple answer to the problem that millions of mothers around the country must have been facing too: an online community that matches care-seekers with care-givers. The whole thing reminded her of Match.com, where she met the man that would eventually become her husband. "If people could use the Internet to find true love, why not use it to find a quality sitter?" Thiers asks. After a quick call to her father and a \$120 loan to buy the domain name, www.SitterCity.com, No. 358 on the Inc. 500, was born.

Online-only is becoming an increasingly popular start-up model, especially for entrepreneurs looking to launch a business with low overhead. For many of the companies on the 2009 Inc. 500|5000 list, such as Sittercity, which is based in Chicago, online-only is what makes sense -- less overhead means better prices for customers and more profits for business owners.

Greg Murtagh, the CEO of Triad Digital Media, says he launched his online media management and operations company, No. 373 on the Inc. 500, because he saw a need and thought he could rectify it. "I could clearly see the value to be generated by moving printed materials to the Web and delivering customized information to people quickly

and cost-effectively," Murtagh says. "Not only could the Web cut costs, it could grow revenue."

But sometimes it takes a bit of trial and error to see what model will work for your business, explains Jeff Goldberg, president of Cali Bamboo, a bamboo flooring and fencing company and No. 254 on the Inc. 500. "We tried every selling method under the sun, from traditional knock-on-doors, going to other fencing companies, direct mail, and online," Goldberg says. "We didn't really choose to be an online-only company, online chose us." By creating a well-organized website that effectively markets the company's bamboo fencing, Cali Bamboo was able to hit \$7.2 million in revenue in 2008 and 877.1 percent growth over the last three years.

For Faraz A. Syed, CEO of DeviceAnywhere, No. 62 on the Inc. 500, the Internet is crucial to his business. DeviceAnywhere.com is a global provider of mobile application testing and development. The company is inconceivable as a traditional business, because the Internet provides the portal that gives developers around the world access to more than 2,000 cell phones and smartphones remotely. Catering to program and application developers comes with its own set of challenges, Syed says.

"Our customers are very savvy people, so the functionality of the website is of utmost importance. Aesthetic is always important, but for us, the functionality trumps the look and feel." That means 24-7 service. "When you have an online-only business, your revenue is tied to something that needs to be operational at all times," he says. "Any outage or service degradation has an impact on both your revenue and your customers' experience."

For some, online isn't a permanent part of the business model as much as it is the best place to be right now. "We never looked at ourselves as an online business," says Michael Bellavia, president of No. 402 Animax, an online media company. "We're a multi-platform business that was birthed online. To us, we want to make sure that we're using the platform that's most appropriate for the brand story."

Volusion, a shopping-cart software developer and No. 248 on the Inc. 500, is in the unique position of exclusively serving online businesses while being one itself. "Customer experience is the entire DNA of our organization," says Clay Olivier, co-founder and COO of the Simi Valley, Calif.-based start-up. "We used to charge a fee for customers who wanted to change their domain name after it had been established. While changing the domain name requires a lot of work on our end -- everything is tied to your domain name -- the fee was upsetting our customers, so we now allow for a 30-day grace period," Olivier says.

While starting an online business does require a certain amount of technological know-how, it also represents an evolution in entrepreneurship, says Stephen Kessler, a counselor at the nonprofit entrepreneurial education group SCORE. "With good technical architecture, a good marketing plan and a unique idea, you can launch a successful business easier than ever before."

Search engine optimization is essential to a viable online business, and companies say they have actively meta-tagged and inbound-linked their way to the top of Google search results. "We worked on SEO in the early days especially," Bellavia says. However, taking advantage of what he calls "earned media" might be even more important. "You can call it free media, that's everything from leveraging public relations, writing articles wherever you can, and elevating your personal credibility by means of you providing something to the ecosystem and the ecosystem turning around and providing something to you."