



STARTUP LAND



How Three Guys Risked Everything to
Turn an Idea Into a Global Business

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WITH CARLYE ADLER

Foreword by Alexia Tsotsis,
co-editor of TechCrunch

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Startupland

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For the citizens of Startupland.

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Foreword

By Alexia Tsotsis

For the citizens of today's Startupland, anything is possible: You can order a car, a sandwich, and even a drone from your phone. You can even subscribe to an on-demand service that manages all of your other on-demand services.

As incumbent companies across all sectors continue to value immediate financial returns over innovation, our VC-backed pocket of the universe continues to throw money at small startups trying to solve big problems, or small problems. Silicon Valley can at times seem like an entirely different planet: Startupland.

While the back of the napkin statistic is that 90 percent of startups never make it out of Startupland, we're all struggling in overpriced housing and office buildings hoping to be in the narrow part of the bell curve. "It's only a bubble if it bursts," we whisper to ourselves while we click away at our keyboards.

Chronicling his entrepreneurial journey from the first Internet bubble to the current period of exuberance, Mikkel Svane's *Startupland* is a unique tale of a Dane who just wanted to demystify enterprise software with his accessible, design-savvy help desk in the cloud.

I most likely met Svane at one of the multitudes of startup launch parties or at a ubiquitous conference cocktail hour. But I got to know him the best as the subject of an onstage interview I conducted at Le Web 2012, a full year after I had written a post describing the \$3.4 billion SAP/SuccessFactors acquisition as “boring.”

What impressed me the most about Svane was his reluctance to show fear when asked about Salesforce's ‘Assistly’ buy, which within a month would be turned into the Salesforce Zendesk competitor Desk.com. He also indicated in the interview that Zendesk had had an acquisition offer for 100 million dollars, which he turned down. Bold. Svane later told me that he believed I was “the voice of a generation” when I called the SAP acquisition by SuccessFactors “boring.” Ha!

But in a way it makes sense. Svane is a big proponent of adjusting the branding of enterprise software when you're selling direct to consumers. Also, he understood what I was getting at artistically in that pretty controversial post: You cannot build a successful next-generation enterprise company without appealing to the people doing the buying nowadays, the *normals*. Zendesk was a vanguard company in this regard.

Starting out in Copenhagen, Denmark, Svane has gone from running a 3D Magic Eye software startup to a forums company called Caput (yeah) to Thank You Machine, the

company that eventually became Zendesk, to taking Zendesk public with its elegant NYSE symbol \$ZEN.

Svane and his cofounder Morten Primdahl came up with the idea for “a help desk that you’d love” while working at the big German corporate conglomerate Materna. Like my characterization of the SAP SuccessFactors’ buy, “boring” was Morten’s initial response to being offered a job at the huge company. Later, when Svane tried to enlist Alexander Aghassipour along for his Zendesk idea—essentially a more streamlined version of Materna’s offerings—he got a similar response: “The most boring thing ever.”

Svane distills these reactions as an actual green light for a good startup idea—pick an overlooked industry, something that someone else would find mundane, and go all out. After all, that specific boring idea, Zendesk, is now valued at over \$1 billion.

For Svane, the mundane is sexy if you can make something that looks hard seem easy. He and Box’s Aaron Levie are the co-captains of the sexy enterprise.

Svane sprinkles his chronological narrative with unexpected business advice for founders, a user’s guide to Startupland. He will teach you how to get over a fear of flying by watching YouTube videos on turbulence or explain why you shouldn’t party hard on your IPO road show. (A pro-tip given to him by Twitter CEO Dick Costolo.)

And, as a model startup citizen, Svane has been through every gritty aspect of entrepreneurship. And entrepreneurs just starting out would be wise to study his journey.

No moment is too humbling in startup life: Taking out a \$50,000 line of credit with no savings in order to make payroll and lying to your family through economic instability, startups, even when successful, are not pretty.

And it's often hard to separate press-driven mythology from the reality: Many startups constantly compare their turbulent story to the success parade often featured on our blog, TechCrunch. Bootstrapped in the beginning, Zendesk gets rejected from the TechCrunch20 conference and even has my former boss Michael Arrington personally telling Svane to never email us again.

The startup eventually wins a Crunchie for sexiest enterprise startup. Long story short, they eventually get covered on TC, although not exactly in the way they had hoped. "Zendesk raises prices, pisses off customers," reads one headline.

(And an aside: Svane once had a great time at the TechCrunch August Capital Party, so we're not that bad!)

Despite what you read on TechCrunch, an entrepreneur's journey is tumultuous, heartbreaking, and at times hilarious, and when you do meet a VC who likes you, well, no money, no problems. This book is a poignant recounting of the founders' kismet interspersed with off-beat advice like, "unless you are Steve Jobs, CEOs are not supposed to allude to recreational drug use." *Startupland* is your passport to our silly and serious startup microcosm.

Enjoy your trip.

“Let us be lovers, we’ll marry our fortunes together.
I’ve got some real estate here in my bag”
So we bought a pack of cigarettes and Mrs. Wagner’s pies
And walked off to look for America

“Kathy,” I said, as we boarded a Greyhound in Pittsburgh
“Michigan seems like a dream to me now
It took me four days to hitch-hike from Saginaw
I’ve come to look for America.”

Laughing on the bus
Playing games with the faces
She said the man in the gabardine suit was a spy
I said, “Be careful, His bow tie is really a camera”

“Toss me a cigarette, I think there’s one in my raincoat”
“We smoked the last one an hour ago”
So I looked at the scenery, she read her magazine
And the moon rose over an open field

“Kathy, I’m lost,” I said, though I knew she was sleeping.
“I’m empty and aching and I don’t know why”
Counting the cars on the New Jersey Turnpike
They’ve all come to look for America
All come to look for America
All come to look for America

— *Paul Simon, “America”*

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Introduction

The Pursuit of Happiness

Less than a decade ago, my friends Alexander Aghassipour and Morten Primdahl and I were gainfully (ish) employed—and unfulfilled.

Though life in Copenhagen was good—everything was taken care of in the place with the happiest people in the world—we wanted to do something else with our lives. Perhaps we were each experiencing a mid-life crisis of sorts. We were all in our mid- to late thirties, and concerned that time was running out to do something we really wanted to do.

We felt that we needed to make a change before it was too late. We all know that people grow more risk-averse over time. As we start to have houses and mortgages, and kids and cars, and schools and institutions, we start to settle. We invest a lot of time in relationships with friends and neighbors, and making big moves becomes harder. We become less and less willing to just flush everything down the drain and start all over.

“If we don’t do this now, we’ll end up as ‘butt cheek consultants,’” said Morten. He’s probably the only person in the world to use that term—an allusion to the common scalloped curtains called “butt-cheek curtains” that hung in ordinary Danish homes. Morten didn’t want to be ordinary or pedestrian; he had a fear of forever being a hired gun on projects rather than somebody who builds something and defines his own destiny. “That is not where happiness comes from,” he said.

He was right.

And so, in the pursuit of happiness, we turned an overlooked idea into an opportunity. In the process, we figured out how to chase—and ultimately catch—the American Dream.

For me, it was tough to try to preserve that little cocoon I had established for my family while moving them across the world. I feared that if we didn’t succeed it would be so much work to move back and start over. But along the way that fear subsided. I saw how willingly Americans take on risk and accept starting all over. There’s much more mobility in the United States than in Europe, and there’s less nostalgia in terms of where you are and what you have. Sometimes it’s almost beautiful in its brutality, the American willingness to slash everything and start over again. But that is how big things are built and great things are done. Kill your darlings. Clean slate. Rinse. Reboot.

Maybe it’s because the United States is a younger country and most people here are well connected to its brief history. They celebrate the independence and entrepreneurialism and grit on which this country was built. And they imbibe it. They know that if something has to be done it will have to be done by the person in the mirror. There’s nobody else.

Sometimes, in thinking about our own discoveries and what we found in America, I think about one little story of Christopher Columbus as I learned it in school in Denmark.

According to the legend, Columbus was back after discovering the Americas and having a meal with his friends, or maybe his enemies. One of these haters dissed his achievements, commenting that it wasn't so exceptional—after all, Spain had a lot of “great men knowledgeable in cosmography and literature,” and with time, anyone could have gone on a similar adventure and accomplished what he did. Or so the hater said.

Instead of responding to the slight, Columbus gave a demo. He requested a whole egg, placed it on the table, and issued a challenge: “My lords, I will lay a wager with any of you that you are unable to make this egg stand on its end—as I will do without any kind of help or aid.”¹

Of course, all the Spanish nobles tried and failed. Then Columbus tapped the egg gently on the table to break it slightly and stood the egg on its end. And so he made his point: once you know—or are shown—how to do something, it's easy. The hard part is getting there.

We were not the first to build an internet company, or the first to discover California as Startupland, or the first to invent customer support—other pioneers did that before us and showed us a path. What we did at Zendesk was find a new way to do other things that hadn't been considered or tried before. Things that seem simple now but that simply weren't done. However, we didn't succeed only because it was a good idea—after all, anyone can have a good idea. We succeeded because we worked hard, we cracked some problems early, and

we didn't give up when the weather changed, when the waters became choppy and the challenges became more daunting. We didn't wait for someone to show us how to navigate; we figured it out as we went. What we found was the joy that comes from doing something no one had thought about, from creating something out of nothing, and from making what's hard seem easy.

For me, finding true Zen in building a company has been the realization that almost everything is difficult. Most things are complicated. People are imperfect and don't always act rationally. Relationships are hard. If you want to make something look easy, you have to put a lot of effort into it. Only by embracing the fact that nothing is easy and that the most important things are so incredibly hard can you approach work (and life) with the right humility that can set you up for success.

Looking back, I know that we worked hard, but most of all I recognize that really we were also so lucky. The first few years, the fact that things didn't break apart? That was more luck than anything else. Later, it was not just about luck but also about persistence. There are no shortcuts. You have to constantly take the hard route. I can't give a precise formula for how we built a product and then a company. After all, in some ways I still believe it's against the odds that we succeeded.

Startupland is the story of the unexpected difficulties, the unplanned occurrences, and the debates and decisions that happened in the earliest days of building Zendesk, now a global publicly traded company. It's also a story of inspiration and optimism—and an account of what you gain when you give up what you are expected to do and chart your own direction.