

The  
Coolest Startups In™  
**America**

BOOK SAMPLE

### about this book

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I wrote this book for people who want to be the first to discover the best new companies. Maybe you'd like to become an early tech adopter or, if you're hesitant to come down off the bleachers, maybe you'd like to just peer in on what the early adopters are seeing, hearing, sensing, feeling and joining. In other words, *The Coolest Startups in America* is for anyone who wants to know about startups but doesn't read TechCrunch (a top tech blog), expects "Mashable" to be a property of potatoes (it's a social media blog) or thinks foursquare (a cool mobile startup) is just an outdoor ballgame!

This book is your guide to know about the awesome startups in the USA *today* that will be global household names *tomorrow*. It's your definitive, quick-read tour of the most interesting new companies around our great nation. You'll get the trends, know the gadgets and gain the knowledge necessary to make show-stopping dinner conversation about what's coming.

I took the best of the blogosphere, techie conferences and nerd chatter, and added business analysis to present you with the essence of what's cool and how to discuss it, all in a portable book format for easy consumption for the plane, on vacation or around the office.

I wrote this book with the belief that if you don't keep up with technology, you won't realize how fast we're approaching the future. I hope that empowering you with knowledge about these businesses will enable you to decide which of them to embrace. I aim to make these companies' technologies accessible, and give you the power to control your usage and presence. And surely, I aspire to share with you startups that *wow*. The cooler, the better!

Doreen Bloch  
New York City  
January 1, 2012



## why startups matter

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Business is a central part of American life. We party with business in good times and, like a good friend recovering from an illness, worry about it in economic downturns. The recession of 2008 and its aftermath have continued to shine a spotlight on the business world. Reporters and citizen journalists talk about Wall Street and *Occupy* Wall Street, but what is more crucial—yet less often discussed—are the businesses working overtime everyday for our families and communities, our nation and the world.

In November 2011, I was invited to the White House for a summit celebrating National Entrepreneurship Month. Ronnie Cho, Associate Director of Public Engagement for the White House, opened the event, and spoke about entrepreneurship in resonating fashion.

“Entrepreneurship is baked into our nation’s DNA,” he said. “Free enterprise is the most powerful job-creating force in the world and it’s our competitive advantage.”

In these two phrases, Cho encompassed the important reasons why startups matter to America. First, Americans believe in the risk-reward paradigm as a core value. Americans know that, while success is never assured, building a business is an ideal way to increase personal wealth and quality of life. Second, entrepreneurial ventures drive our nation forward, generating profits by solving problems. Such ventures employ people to unlock this value, which accelerates economic growth.

I spoke with Pravina Raghavan, District Director of the Small Business Administration for New York, who shared with me her views about entrepreneurship in American society. She says 60% of Americans work for small businesses, and that the sector creates the most net new jobs in the US. “It’s prime time to start a business,” Raghavan says. “In a downturn, people focus on entrepreneurs to get things up and running. It’s the time to be more creative and innovative.”

It’s great then to know that entrepreneurship is more accessible than ever. Scott Gerber, founder of the Young Entrepreneur Council, in his published opinion for *TIME* magazine in January 2012, dubbed this year as the “Year of the Entrepreneur.” Christopher Michel, the serial entrepreneur

behind Military.com, founding partner of Nautilus Ventures and former Entrepreneur-in-Residence at Harvard Business School, would agree. “There’s a national zeitgeist toward entrepreneurship,” Michel says. “It’s more in people’s grasps than ever before.”

And why? The answer is that resources for entrepreneurs abound. Knowledge about starting and running a business is being shared more and more, both on and offline. The cost of launching and promoting a new venture has dramatically decreased with the advent of the Web. And investors—at traditional institutional levels and on new “peer-to-peer” funding platforms alike—are hungry for ideas to fund. Meanwhile, labor today is relatively inexpensive due to recessionary pressures leading to job loss and underemployment.

There’s a third reason to care about startups: aiming for big dreams brings us closer to them. Startups must matter because the entrepreneurs behind them are an ambitious lot who need support. Economic development and the fulfillment of a core American value are only possible when entrepreneurs are inspired to think big.

It’s as if “startups are freedom,” Raghavan says. She describes business as a blank canvas. “Entrepreneurs make things work no matter what industry,” she says. “They take a blank canvas and start to paint a wonderful picture. Innovation can come at such a level because entrepreneurs have the freedom to think about things never done before. Startups have the freedom to make right and wrong choices, and the freedom to make the future.”

## what makes a startup cool?

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When I began writing *The Coolest Startups in America* as a passion project, I defined a cool startup as any startup I liked to share. There’s nothing necessarily wrong with that approach. Alex Taub of Aviary, featured in Chapter 61, says he defines a cool startup as any one he’d recommend to friends, particularly any startups that “make me look cool if I know about them before other people.”



But once I committed to publishing *The Coolest Startups in America*, I needed a more rigorous definition because people ask me about the characteristics that make up a cool startup. After dozens of interviews and extensive analysis, core characteristics of “cool startups” did emerge. While some of the startups featured in *The Coolest Startups in America* may lack one or two of the qualities, most of them hit these marks. The list serves as an excellent litmus test if you want to join or create a cool startup, or hope to catch my eye for the next volume of this book.

Cool Startups...

**1. Solve a Real Problem.** “It has to make lives meaningfully better,” says Aaron Schildkrout, co-CEO of HowAboutWe (Chapter 36). In the startup scene, people speak often about “pain,” and making clear what the “pain point” is that the startup solves. If the startup’s mission is vague, it’s not likely to be too cool. Sutha Kamal of healthcare startup Massive Health urges founders to “gravitate to real problems.” That’s how important companies are built, says Michael Sinanian, who reports on startups for VentureBeat, an important technology publication. “If a startup tackles a hard problem and they’ve accomplished the impossible, they’re creating value,” Sinanian says.

**2. Do It in a Unique Way.** Nick Ganju, CTO of ZocDoc (Chapter 55), cites “an overabundance of startups doing something one percent different than a big player. No one will be seduced by a clone.” Marc Brodeur, CEO of Brode (Chapter 29), agrees. “If you’re going head to head with Facebook, you’re not setting yourself up for success.”

**3. Have Reach.** For the purposes of this book, cool startups have already launched and must be scalable. Startups that are pre-product release are too early-stage to be considered cool. Why? There’s still so much that can go wrong; fledgling companies are untested by the market forces that set the bar for “cool.” “Reach” is one of these market forces because it affects how many customers a startup can amass. Ilan Abehassera, CEO of Producteev (Chapter 49), says cross-platform performance is a bonus because it bolsters customer acquisition when “you’re available everywhere and you’re able to be accessed no matter what.”

**4. Are Ambitious.** “There are a lot of startups and raising money isn’t as hard as it used to be,” says Ilya Sukhar, founder of Parse. “Some companies are okay selling out, but cool startups are ones that do something large, bold and successful.”

**5. Execute.** Jeff Fernandez, CEO and Founder of Grovo (Chapter 34), says cool startups “do what they say they’re going to do and they do it quickly and efficiently. They execute like hell. When we set a date, we ship the product on that day. The whole team rallies around it.”

**6. Focus on the Consumer.** Schildkrout of HowAboutWe would add that cool startups don’t execute arbitrarily; cool startups engage with their consumers to generate products that address consumers’ needs. “Their users are constantly delighted by what the company is pushing out and that should never stop,” he says. Brodeur of Brode describes that “when you build a company, you’re building a relationship with your customers. It’s a corporate personality. You need to be consistent and give them something of value.”

**7. Have Cool Brands.** Sometimes, wonderful brands sprout from the compelling personal stories behind them, says Alex Budak, Founder of Start Some Good, the platform that allows social-minded upstarts to raise funds. This storytelling should run through all levels of the organization, Brodeur adds. “Every single time you talk to or email someone, it’s branding. Anything that anyone sees is branding. You never cut corners with it.” And that includes naming your startup. “If you don’t have a cool name, it can kill a startup,” says Will Curran, Founder of Arizona Pro DJs. “Flickr changed the game of naming by remove the ‘e.’” Nowadays, great design is also critical. Henrik Werdelin of Prehype, a product innovation consultancy, calls design a macrotrend. Products “have to be prettier and prettier,” he says.

These traits constitute a fantastic framework to analyze whether a company could be classified as a “cool startup,” but that’s not to say there aren’t other guiding notions. An elegant concept I came across in writing this book was the idea that sometimes, cool startups lead businesses that are so obvious, you wouldn’t believe they didn’t exist before. The idea came to me as Ed O’Boyle, founder of Fotobridge, described his startup in the digital photo space. “People have hundreds, if not



thousands, of images that they want to preserve and share,” he told me. “I thought, ‘There has to be a company that creates good quality digital images.’ But there wasn’t, so I created it.”

Daryl Bernstein, CEO of RightSignature (Chapter 52), phrased this concept well. “I love smart solutions to obvious problems, especially those that have some degree of ‘wow’ effect. These are products and services that make their users gasp, out loud or not.”

The chapters are not meant to be how-to manuals or serve as FAQ guides. For detailed product instruction or company contact information, check out the startups’ corporate websites. If there are any corrections to the text of *The Coolest Startups in America*, they will be announced and listed on the book website at [www.CoolestStartups.In](http://www.CoolestStartups.In).

## how to read this book

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One word at a time, of course! The book is divided into 18 sections, classifying the coolest startups under the industries in which they are innovating. Each section of *The Coolest Startups in America* has multiple chapters, with one chapter for each cool upstart. In between, you’ll encounter “defrost” chapters that explain startup terms or trends. If you’re looking to start or join an upstart, these sections will be valuable to you.

In each chapter about a startup, you’ll see standard headings. **LET’S BREAK THE ICE** is a quick introduction to the startup. **HOW DOES IT WORK** explains the technology or business model backbone of the company. **BACKSTORY** describes the founding story of the startup. **WHY IS IT COOL?** covers the takeaway for the reader about why the startup is impressive or interesting. **LET’S SAY...** gives you ideas on how the startup may impact daily life. **SMOOTH SAILING** details some strengths or accomplishments of the business so far, and **CHOPPY WATERS** sums up some challenges of the startup’s business. If the startup piques your interest, **GOT GOOSEBUMPS?** shares tips on how to follow up, learn more or participate (often for free) in the startup’s projects.

Remember, the lifetimes of startups can vary, so some companies featured in this volume may have undergone changes since publication. You can always find out the latest about featured startups by checking the outlets listed in this book’s Resources Appendix. Chapter-by-chapter sourcing is also available at the end of the Appendices section.



## Chapter 34: Grovo

**THE INTERNET NATION** surpassed a population of 2 billion people in 2011. While many newcomers are comfortable clicking around until they figure out the lay of the online land, others need a tour guide.

### LET'S BREAK THE ICE

Grovo teaches people on the Internet about the Internet.

### BACKSTORY

After working for several successful startups as an early employee, Grovo CEO Jeff Fernandez realized that there wasn't a place for Internet education. He was constantly asked about tips and tricks for the web and became (understandably) tired of being asked how to utilize Evernote or Twitter. Fernandez and his co-founders did some research and saw a void in the marketplace. "The quality of education on the Internet *for* the Internet was quite low. Coverage was spotty because no one was focused on it," he says. The stats were clear. According to Fernandez, one in four people worldwide has access to the Internet, but 650,000 new people gain access each day, and 30,000 of these newcomers are in the US.

### HOW DOES IT WORK?

Unlike run-of-the-mill online tutorials, Grovo focuses on superb content to teach Internet users about different websites. The content includes introductory material for people who may be logging on to Twitter or Gmail for the first time, or advanced lessons for people who want to do a deep dive into the complex features of foursquare (Chapter 37) or Pinterest, for instance. Grovo has produced over one thousand two-minute instructional videos with glossaries, notes and lessons rolling up into full courses. All of the videos are made in-house; Grovo employs writers and video producers, and content is churned out under a proprietary system that makes the video creation process smooth and speedy.

The value they bring is immense. "[Entrepreneurs] live in the world of the technophile, but the vast majority of the world doesn't. Most people aren't checking in on foursquare or using

Mint to manage their finances. Now when my friends email me asking questions, I can send them a link to the lesson on Grovo." And the lessons themselves are held to a golden standard in regard to quantity, quality and diversity. "We have a vision for what we're building and we're tremendous executors. We're constantly improving and perfecting."

### LET'S SAY...

I. You're a grandparent who just got an iPad for the holidays. Now you need to learn how to use it, without nagging your kids for help all the time. You get an account on Grovo and can study all about the iDevice at your own pace.

II. You're a new employee tasked with being your company's social media guru. Trouble is that you only use Facebook socially and don't know a thing about using it for business. You get on Grovo and find a whole bunch of courses about corporate Facebook use. Now you'll be able to help your firm friend away the professional way.

### WHY IS IT COOL?

Grovo gets you in the groove of the Internet.

### SMOOTH SAILING

+ Every level of Web expertise is addressed. "We cover newbies and technophiles," says Fernandez. Videos on Grovo may be as broad, or as specific—like setting a vacation responder in Gmail—as users need. Hence Grovo's diverse user base, Fernandez says, including tech lovers who want to stay up on sites they use.

+ Grovo is starting to add corporate clients who pay for Grovo so that employees can use it for training, especially when companies transition to new programs. "Many organizations are moving from enterprise to consumer products like Dropbox or Google Apps. They want their employees to know these technologies better so they use Grovo," Fernandez says.

+ Grovo remains completely agnostic. "We aim to educate about products and what they're good for," Fernandez says. "We're techies so of course we like certain products, but we do our best to let you know if there's anything to look out for or to avoid."





## CHOPPY WATERS

-There are competitors, like informal YouTube compilations or Linda.com. I love the layout and urgency of Grovo best though.

## GOT GOOSEBUMPS?

Do a lesson for free on Grovo. If you can't find the website you'd like to learn about, it's easy to send Grovo a request to create a new video about it.

## DEFROST: What Does an Investor Do?

Investments are critical in the entrepreneur ecosystem. While some founders “bootstrap” by supporting their startups on their own, many entrepreneurs need outside funds to help start up their firms. Investors are the people or firms who give entrepreneurs money to grow startups. But they don't do it as a favor. Investors provide funding in exchange for equity in the company. If the company does well, investors will cash out alongside the entrepreneurs.

There's great variability in the types of investors out there. Angel investors are typically one-person shops that put up a few thousand dollars to support an early-stage entrepreneur. On the other end of the scale, venture capitalists might contribute millions of dollars to promising companies. Often, investors of different sizes and firms can work together to “do a deal.” For example, one startup seeking \$1 million may get \$500,000 from a small venture capital firm, with the rest coming from a handful of “angels.”

Funding needn't happen just once either. Startups can get new “injections of capital” if they need more cash to progress to higher levels of value. A capital injection, or new “round,” might fund an important geographic expansion or new product development.

“When you take someone else's money, everything gets more real,” says Ilya Sukhar of Parse. Parse first received funding from a startup incubator, Y Combinator, and then received more from venture capitalists. “We feel a responsibility to keep our investors up-to-date [about Parse's progress] and to make them a lot of money.”

The process to get investors isn't easy, says Liron Shapira of Quixey (Chapter 50). “You hear that getting investment is hard and that's totally true.” One of Quixey's investors is former Google CEO Eric Schmidt's personal fund Innovation Endeavors. The preliminary connection to Innovation Endeavors happened

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**About the Author:** **Doreen Bloch** is a former Analyst at SecondMarket, the largest marketplace for private company stock trading. She is a graduate of the University of California, Berkeley's Haas School of Business undergraduate program, and a Jack Larson Fellow for Entrepreneurship & Innovation from the Lester Center at Haas.

Doreen is an avid writer and speaker, whose work has been featured by *The New York Times*, Fox Business, Under 30 CEO, *Forbes*, The Daily Muse, Feministing and more. She is also a member of the Young Entrepreneur Council. Her website is [www.DoreenBloch.com](http://www.DoreenBloch.com).