

EPISODE 402

[SPONSOR MESSAGE]

[00:00:34.2]

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[INTRODUCTION]

[00:01:32.0]

FT: Hey, welcome back to So Money everyone. Startup Week continues, we've got a wonderful guest today, the founder and CEO of Bstow. It is a forthcoming mobile app that's about to launch. It rounds up your spare change and shares it with a charity of your choice. Now, we've heard of companies kind of like this.

Acorns is a similar app. It rounds up your spare change and invests it in a mutual fund and then there's also Digit. We've had on the CEO of Digit here, another young company where basically

they look at your checking account, your spending, your income, your savings, your bills and they suggest a nominal amount of money to save for you every few days and over the year, I think Digit has saved millions and millions of dollars for its users.

So these kinds of easy to use on the go financial apps seem to be the future and Jason Grad is the founder. He's here to talk all about the genesis for this idea. Now Jason after graduating from Vanderbilt University, he started his career as an IT manager and director of online sales at a company called Eveready Hardware and then he joined Yelp as an elite account executive.

It was there that he really started to see that he had a real salesman quality. He was in the one percent out of 1500 executives in total sales. In six months, he was able to generate over half a million in new business. So I think that's where he started to see that, "You know what? I can probably survive on my own here. I'm really good at sales," and that's of course a huge asset to have when you're an entrepreneur.

In June 2015, Jason left Yelp to pursue his entrepreneurial dream to start Bstow, so that was less than a year ago. Let's see how he's doing. Right now, Jason is in Tel Aviv, where he was accepted into the prestigious Barkley's accelerator powered by Tech Star. So he is sort of incubating this idea, this app.

I was curious so why Tel Aviv, what is this accelerator? How can other aspiring entrepreneurs take advantage of an accelerator and then how did he actually make the jump from employee to entrepreneur? How did he do that in a financially feasible way? How much money did he have shored up in order to make that leap with some confidence?

This is cool, the nerdy thing that he used to do when he was a kid and if you can relate then maybe you too are destined for entrepreneurship.

Here is Jason Grad.

[INTERVIEW]

[00:04:03.0]

FT: Jason Grad, welcome to So Money. I am excited to have you on the show. You've got a really cool app my friend.

[00:04:10.1]

JG: Thank you, thank you. I am excited to be here.

[00:04:12.8]

FT: All right Jason, tell me about Bstow. It's a new app that reminds me of some of these other really cool innovative apps out there that are rounding our dollars up and taking the change and putting that either towards investments or savings. Bstow puts it towards charity, very cool. Tell me how you came up with the idea and how it's doing as a company.

[00:04:34.4]

JG: Yeah, I saw the ALS ice bucket challenge happen last year and I figured that people could pretty easily be incentivized to do good just like a Facebook like or a share was getting people to take action and started working on a solution and in a few months came up with the round up model after seeing how it's playing out in the rest of the FinTech space. It's just a great way to just start giving really easily with very low barrier entry and also reminds you every day that you are doing a good thing.

[00:05:07.9]

FT: You know that saving money and investing, there's a barrier there. Like it's not something that we want to do, that we remember to do, do you find that's the same with charitable giving? I'm kind of surprised because I feel like that's something that we all would jump to do if we have the opportunity if we also had the money. So what are you really addressing psychologically with this app?

[00:05:32.2]

JG: I feel like charitable giving for a lot of people. Especially millennials is like a one time of year thing if you have enough money still, and because it's that one time a year thing, there is also a big decision about where you want to donate it so you have to do all these research about where you're investing to do the most good but especially on that level where we're just doing it once a year, we're not really qualified to make those decisions.

So I think the problem is the barrier to entry in terms of having to educate yourself just for this one time a year investment and also having to spend a lot of money or seemingly a lot of money just to do good once a year and then not feel like you're getting continued value. That barrier to entry is just too high for people to really execute on it.

[00:06:23.7]

FT: Okay so I have to ask, as an entrepreneur developing an app is cool, right? Everybody wants an app idea. Everybody is like, "I'm going to make the next hundred million dollar app." I think it was the emoji app, what's it called? The one that just got bought by a \$100 million.

[00:06:40.9]

JG: Bitmoji.

[00:06:42.6]

FT: Bitmoji which I just learned about because I am such an old fart, it just got bought but Snapchat for \$100 million. What does it take to develop a 100 or just \$10 million app that's valuation? Is Bstow a potential million dollar app in valuation and if it's not yet, how are you going to get there?

[00:07:02.4]

JG: Yeah, you don't really build tech as a full time job unless you want to create value for a lot of people. I think the whole thing that we're trying to do is how do we create value for a billion people? When we create that kind of value, the rest will follow.

For us, we directly benefit and grow the company, the more money that goes to charity. So my challenge is really aligned with helping the world make a better place through charitable donations. It's like, "How are we going to make the company better today? How are we going to provide more value to these charities and their donors?"

[00:07:43.0]

FT: What's your background Jason? I know obviously that you have a background in technology but did you always want to be an entrepreneur?

[00:07:54.3]

JG: I have always built things my whole life. I have built my first computer when I was nine or 10 years old.

[00:07:59.7]

FT: No way, what? How does a nine year old — where did you get the equipment? How did you know how to do that?

[00:08:04.9]

JG: I went to the store and I just replaced all the parts of my computer before that and just plugged them all in and it worked.

[00:08:11.3]

FT: Oh my gosh. Did you ever get made fun of for that? I feel like, looking back, those smart brilliant kids that stayed home and made computers, they're making hundred million dollar apps.

[00:08:21.5]

JG: It didn't really take long to make the first computer. It's like Legos once you start working on it. I got made fun over plenty of things but it wasn't for making my own computer.

[00:08:34.4]

FT: Been there, by the way. I was a total nerd growing up. So then, what gave you the encouragement and the courage to leave work, your career, your sort of more paycheck guaranteed every two weeks to starting an app and starting a business? That's kind of scary, that jump.

[00:08:57.3]

JG: Yeah, I've been building things for years, like I said, and I was coming up with ideas for companies for years and saw other people execute on the ideas and successfully get funding. I don't know if all those companies really panned out, but with this idea it made sense to me and it was for a great cause or many great causes.

So it just made sense to dive in and start working on it and when we start working on it, good things are coming our way. It started to validate the idea and it was just time to fully commit myself to it.

[00:09:32.0]

FT: So I am on the website now for Bstow, which is Bstowapp.com and is it functioning yet? Because I noticed it says "notify me when Bstow is ready". Does it mean that you're still approving everyone individually or you're in beta?

[00:09:49.1]

JG: We're in a beta right now. We built on a really rapid timeline so I just left my job eight months ago and then we build for a partnership on a — well two months later, we started building for a partnership on a two month timeline and launched and we've been in the beta for the last four or five months to validated some key assumptions. Now, next month we're going to let a lot more users onto the platform.

[00:10:12.1]

FT: Ooh, so I'm getting you ahead of all that. The calm before the storm, a good storm.

[00:10:18.2]

JG: I wouldn't call it calm, but yeah.

[00:10:19.7]

FT: It's not calm, right. For me, it's calm. You're going crazy. The causes that you list are huge ones we all know, Save the Children, UNICEF, American Cancer Society. Is the goal now to get Bstow to a place where you can donate anywhere that you want or you're going to work to causes that are specific to Bstow?

[00:10:38.7]

JG: You can donate to any of the 1.5 million non-profits in the US already.

[00:10:44.7]

FT: Awesome.

[00:10:45.7]

JG: Those ones are just the ones that I get asked about a lot. People are like, "Can I donate here?" And I'm like, "Yeah." So I put them on the website to answer the question before it was

asked but soon you'll see we'll roll out a new product that will replace that site and clarify and have a lot more amazing causes listed.

[00:11:02.8]

FT: So I was reading an article recently about apps that are in the same vein as yours like Digit, Acorns, the idea being that you link a bank account to the app and the app monitors your spending, takes every transaction, rounds it up to the nearest dollar, takes the difference in change, donates it or rather transfers it to either, in Acorn's case, a mutual fund or with Digit, a savings account. In this case, Bstow it would be the charity that you designate.

The one hurdle that's still a challenge according to this article for some users is the idea of linking a bank account to these apps. Do you find that millennials are just fine with giving away their financial accounts to companies/apps that look legit. Do you think that it were a little too comfortable or that there's still even maybe a hurdle from your perspective?

[00:12:01.4]

JG: It really depends. For us, we focus on building world class technology. That's a big part of the reason why we're currently working with Barclay's in their collaboration with the Tech Star's accelerators. It's to build technology that's compliant by world class bank standards. So yes, I think there is a barrier to entry for a lot of people. For us, how we countered that is by building awesome tech.

[00:12:29.1]

FT: Yeah, because I think people are really just security is top of mind I think for anybody or if it's not, it should be because you just don't know. But it's good to know that you're working with top notch incubators and Barclay is a sort of an incubator would you say?

[00:12:45.3]

JG: It's an accelerator.

[00:12:47.1]

FT: Accelerator, is there a difference? Accelerator, incubator? I feel like there's used interchangeably those words but...

[00:12:51.9]

JG: Potentially but I mean at the end of the day, it's a lot of companies coming together to build tech and pull from a network and a group of resources. So, I mean Tech Star is an accelerator and Barclay's is powering the accelerator and the reason I'm steering this specific one in Tel Aviv is specifically because this is where a lot of the cyber security talents in the world. So three days a week, I have people trying to pick apart our tech and it's weathering the storm. We are very secure, and like I said, that's why we're here.

[00:13:30.2]

FT: All right, so in a month, people should go up now and sign up and then in a month they'll hopefully be on board ahead and in a month, anyone can be on boarded, that's the hope at least.

[00:13:40.7]

JG: Yeah, absolutely. I'll be on boarding people. I've been on boarding people along the way but in a month, we'd have a lot more users on the platform.

[00:13:47.6]

FT: Wonderful. All right Jason, let's ask you some personal money questions. I want to make you uncomfortable. Tell me a little bit about your personal financial philosophy, do you have one? And how old are you by the way?

[00:14:01.4]

JG: I'm 28.

[00:14:03.8]

FT: Okay so you're still young and do you have by now an overarching financial philosophy on how you personally use money, spend money, make money or anything like that?

[00:14:18.3]

JG: Yes. So most of my money goes toward Bstow. I don't spend irresponsibly on anything else. I don't put a lot of value on anything really fancy but as far as my expenditures each day, I don't spend too much time thinking about small expenditures because I know that the work that I could be doing during that time is worth 10 or 20 or even 100 times as much as the expense or the time I think about it.

[00:14:42.4]

FT: So when you do spend on your business, is anything goes because it's related to the business, or are there some things that you're not willing to spend on yet?

[00:14:53.7]

JG: So yeah, that's a great question and I've been having this conversation a lot. I think the smartest thing that we do is every day we figure out what not to build and what not to spend money on and also every day we try to be generous with people around us because we know that usually, that value comes back 10 fold and that really aligns with Bstow's mission of giving back every day.

[00:15:19.1]

FT: How are you planning on getting the word out? Obviously coming on podcasts.

[00:15:23.5]

JG: Here, this is it. We're done.

[00:15:25.0]

FT: This is it, okay. No pressure on my end to get the word out now.

[00:15:29.2]

JG: Done, I trust...

[00:15:30.1]

FT: A popular show but you know, it's not exactly like the New York Times or anything, but I think that a lot of tech reporters and personal finance reporters will be very interested in this. Because again, it speaks to some of the behavioral gaps that we have when it comes to donating. It's super tech friendly, being able to address your financial wishes whether it's saving, investing, donating, on the go and you can turn it on and off as you wish but I think this is totally hitting a nerve, a good nerve in the market place and hopefully, it will just press, will beget press — begets press as they say.

[SPONSOR BREAK]

[00:16:08.6]

FT: We have spoken so much about being fiscally healthy this week. It's also important to me and my family to be diet healthy as well. What if I told you that you could eat right and save time and money while doing it? I know it sounds too good to be true, but it's possible with Prep Dish.

Prep Dish is a healthy subscription based meal planning services that takes the guess work out of grocery shopping and meal prep when you want to eat well but you're short on time. Each

week, you'll receive an e-mail that contains a grocery list and instructions for prepping your meals ahead of time and it only takes two hours to prep a whole week's worth of meals.

But it gets even better, Prep Dish is offering So Money listeners a special offer of \$4 for the first month of meal plans. Just go to prepdish.com/somoney and use my code, "somoney" one word, when you sign up. They have this Romesco baked salmon with roasted sweet potatoes recipe that I can't wait to try and they have gluten-free, dairy-free and paleo options as well. Go sign up today, prepdish.com/somoney and use my code, "somoney" for \$4 for your first month.

[INTERVIEW CONTINUED]

[00:17:12.4]

FT: Moving on. Okay, let's talk about your childhood Jason. In addition to being entrepreneurial as a kid and creative, building computers as you did, what did you say was your first experience really learning something substantial about money as a kid? Oh you laugh, this is going to be a good one.

[00:17:33.2]

JG: I was always really clumsy growing up and it's not a good thing and sometimes, that would mean that I might...

[00:17:42.8]

FT: What? Like walking into a walls and stuff? I do that still.

[00:17:44.6]

JG: Oh totally, yeah I still do that but sometimes I would accidentally break maybe my sister's thing or something like that from playing with it wrong and it was a total accident, totally my fault and she would get really mad and tell our parents.

[00:18:02.0]

FT: Older or younger sister?

[00:18:03.3]

JG: She's an older sister and they would basically make me pay her back for it or buy her a new whatever I broke. So from a young age, I was taught to understand value and responsibility for my actions.

[00:18:18.1]

FT: And respecting others' things.

[00:18:20.4]

JG: Absolutely.

[00:18:21.1]

FT: So what was the worst thing you broke and how much did it cost you?

[00:18:25.8]

JG: Oh, it wasn't like anything huge. It was just always something like her trophy, maybe ate a sandwich hid in the fridge when I was a kid that was hers. It was like, "Jason, you got to get me a new one," it was nothing big.

[00:18:40.2]

FT: It wasn't like you ripped her clothes and shredded her clothes apart. Well how would you get the money? Did you have an allowance?

[00:18:45.0]

JG: Yeah, I usually earned money for good grades and I've got a lot of good grades.

[00:18:50.5]

FT: Of course you did. I am not surprised. Okay, what's your So Money moment? I ask all guests this, a time in your life even though you're 28, you're still young but I'm sure you'd had a moment where you feel really proud about a financial accomplishment?

[00:19:07.9]

JG: Yeah, there are actually two moments but the story is the same and one is at Yelp, my job before this and one is my startup Bstow. And for example, at Yelp I started out entry level and within a year and a half I made probably six times as much at my second year as my starting salary was. Something like that. But it was pretty much the same story and that I really was terrible at whatever I was doing with Yelp and my startup.

I just put my head down and worked really hard day in and day out putting in hundred plus hour weeks easily and just taking nothing for granted but also just taking it as given that I was the worst one in the room and learning in whatever direction possible from whomever I could find that would be gracious enough to help me and out me in the right direction and both of them within about eight months of just head down, working really hard, I found a really good rhythm.

At Yelp that's within eight months, that's when I really hit a stride of being much better at my job and earning a lot more and for Bstow, yeah I left my job at Yelp about eight months ago and within eight months especially toward that six to eight month mark, I was really starting to hit a stride and starting to move forward with a lot more focus and direction.

[00:20:35.9]

FT: So personal question and I'm hoping you're willing to share, when you made the decision to leave Yelp to start Bstow, financially what made you feel comfortable doing that? Did you have a

certain amount of savings? You know you don't have to say how much if you don't want to but even like, "I knew I had a year in the bank." Or what did you do in order to make that transition financially feasible?

[00:21:02.0]

JG: It probably wasn't a smart decision, but it ended up well luckily. I left, I did have savings for several months. We ended up having it to a big tech build out for a partnership that we secured in my first month of leaving there and I basically took most or all of my savings and spent it within two months to hit our deadline.

[00:21:27.2]

FT: Wow, so did you have this philosophy in your head or this mentality of like, "I just can't fail because otherwise I'm going to be living in my car," or was that actually a good pressure maybe?

[00:21:41.0]

JG: Yeah, how do we do things smarter? How do we stay lean? How do we build the most valuable piece of this that we can build and create enough value where we can run this as hard as we can? It might be taking a leap but something will catch us.

[00:21:59.6]

FT: What's a habit that you practice that helps you with your financial wellbeing Jason?

[00:22:08.1]

JG: So like I said, most of my money goes towards my business. I'd say the habit is really every day figuring out what not to build. You can always build everything in the world but really just strip it down to the most valuable piece that you can build today and create more value every

single day. How do I work on this in a way where tomorrow we will be more valuable than where we are today?

[00:22:39.3]

FT: Is that personally difficult for you because it is for me. I don't have it figured out yet what's my one thing and I think my one thing is that I do many things quite frankly, but is that psychologically a challenge for you because you have so many ideas? Because I think that's like a lot of entrepreneurs. They are very ambitious, they think big so it's a real challenge to be able to say, "Okay, we're going to eliminate all of these, we're going to focus on the one thing". How do you know what does "add value"? How do you identify that?

[00:23:15.5]

JG: It usually goes like this: I come up with a list of things that we want to build and I set a super aggressive deadline with my team for our next build out and then they come back to me and say, "Either it's going to take this much time or if you want to hit your deadline, you have to cut some things out," and then I take a look at everything and I'm just forced to decide right then what we're going to cut and it becomes clear.

Also, we design little tests — we try to design inexpensive test to see what the most valuable thing is so like if there's a \$5 test that could give me a better insight about a \$5,000 spend, I'll run it before hand to really understand if the value is there because then for \$5, you might find out that whatever you were going to build really doesn't provide that much value or people wouldn't use it.

[00:24:03.2]

FT: So you're in Tel Aviv now right?

[00:24:05.5]

JG: Yeah.

[00:24:05.9]

FT: How do you like it there? Did you care that you're going to have to travel to Tel Aviv? Actually probably good, right? Because that's where you say is the epicentre for fraud detection and things like that.

[00:24:17.5]

JG: Yeah, I mean Tel Aviv is a great city. I'm in my office a lot of the day, which is still like a grungy hipster, like purposely grungy hipster but very nice and well thought out architecturally because Barclay's built this office for the Barclay's testers program but it feels similar to the office I would be in and that we worked in New York City with the wood paneling.

So I am here, so I don't even feel I'm gone when I'm in the office, but the city is a beautiful city. The people have been very welcoming, very nice, there's a lot of talent here especially cyber security talent. It was right call at the right time for Bstow and that's the most important thing to me right now is how do we build a great business that can help a lot of people?

[00:25:11.2]

FT: All right Jason, you've been so much fun. Let's have even more fun and do this So Money fill-in-the-blanks before I let you go, before I cut you loose back to the grind in Tel Aviv. Tell me this or finish this sentence: If I won the lottery tomorrow, let's say you won \$100 million, the first thing I would do is _____.

[00:25:31.4]

JG: I would do the same exact thing I was going to do anyway. I would probably just go to work the next day. It will probably take me a few days even to really realize that I've won any money.

[00:25:41.9]

FT: Yeah, “Is this really me? Is this really happening?” When I spend money, the one thing that makes my life easier or better is ____.

[00:25:53.1]

JG: My personal assistant, Melanie. Thank you Melanie.

[00:25:55.4]

FT: Yeah, she’s a real person or she’s a bot?

[00:25:58.5]

JG: She’s a real amazing person that makes my life better every day. It was the best decision that I made.

[00:26:04.2]

FT: And what’s the things that she do for you? What does a personal assistant do for you?

[00:26:08.7]

JG: A lot of research, helping schedule meetings, she helps align our team. We have a team — our team expands the globe. We’re in seven different countries between the team. We distribute a team and she helps coordinate between all of those. So it’s incredibly valuable.

[00:26:29.7]

FT: So quick question, once you exit this accelerator, does Barclay’s like own you or do they have any stake, any ownership in the brand, in the company?

[00:26:42.0]

JG: No and I don't really believe they want to own the brand. I think that there's more value in keeping us as our brand and providing them a service. So I can't talk about what that service is yet, but I'm excited about a lot of different ways that we can collaborate and any kind of ownership decision would be an entirely separate conversation.

[00:27:06.3]

FT: Gotcha, gotcha. So there is some collaboration. There is a win for Barclay's and all of these other than just the goodwill of helping out fledgling startups.

[00:27:19.1]

JG: Yeah, Barclay's is just trying to find the best FinTech companies in the world that can provide value for their customers as well. So it's definitely a value on both sides of the coin.

[00:27:27.0]

FT: Makes sense. All right, when I splurge, I love to splurge on _____.

[00:27:31.9]

JG: That a good question. It's my startup, Bstow for sure.

[00:27:36.1]

FT: That's your splurge?

[00:27:37.2]

JG: A 100% yeah.

[00:27:38.7]

FT: All right, so very appropriate to ask you to finish this sentence, when I donate, let's ask you know, when I donate, I like to give to ____ because _____. And it can't be Bstow, give me something else.

[00:27:53.9]

JG: No, so not charity. We're for profit social enterprise so I can't donate to us. I donate to the American Cancer Society because my dad had cancer and I want it solved, like now, right now.

[00:28:06.5]

FT: Right now, yesterday, yes I'm with you.

[00:28:08.9]

JG: Solve this, please we've got to solve this now. That's why my money is going there.

[00:28:14.0]

FT: All right, when I was growing up, the one thing I wish I had learned about money is _____.

[00:28:18.5]

JG: How to make purchases that are actually investments.

[00:28:23.4]

FT: So give me an example of that?

[00:28:25.4]

JG: I play a lot of instruments and I bought a lot of guitars growing up but I didn't always buy the best one to add value overtime like especially a few of them were just newer guitars whereas I

could have bought something else that had a similar tone but was already an investment and a piece of art and history.

[00:28:50.2]

FT: And last but not the least, I'm Jason Grad, I am So Money because _____.

[00:28:55.0]

JG: I'm going to change it to Bstow at So Money because it's going to become a successful business so that it can continue to change the world for the better. That's it.

[00:29:03.6]

FT: I love it.

[00:29:04.2]

JG: You've got to go to Bstow.

[00:29:05.9]

FT: Yeah, I mean it's simple, it makes sense, we need more donations and charitable giving in this world. So thank you so much for contributing towards that path and Jason we'll be keeping an eye out for you. I hope you get a lot more press than just So Money, you will.

[00:29:20.1]

JG: Thank you so much.

[00:29:21.5]

FT: Thanks Jason.

[00:29:22.3]

JG: Well I know that you're going to do all the work for me, so it's all good.

[00:29:24.9]

FT: Oh yeah, count me in, yeah. I'm on it.

[00:29:27.0]

JG: All right, take care.

[00:29:28.3]

FT: Thank you.

[END]