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ACCELERATING ENTREPRENEURIAL SUCCESS PODCAST

EPISODE
97

Harpreet Singh

Show Notes at: <http://www.aesnation.com/97>



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Best of success,



John Bowen
Co-founder, AES Nation

John Bowen: As entrepreneurs, we're all hearing about big data and all the opportunities. I got to tell you, many entrepreneurs, particularly the small and mid-size businesses are going, "What data? How do we bring this all together and use the technology we have, the expertise out there?" I have an amazing entrepreneur for you today who's going to guide us through it. He's helped me a lot and I know he's going to help you a lot. He's really making a difference in this data world. He's the co-founder and co-CEO of Experfy and you'll learn a little bit more about that because he's bringing together data scientists for us. He's got a PhD from Harvard, he also taught there for 2 years. He's been on Wall Street working with many of the banks. He really worked and helped with Citibank on the whole Venture portfolio so he knows what it takes to be an entrepreneur and he really understands the data marketplace and how we can use it.

That's what we're all about here. I'm John Bowen. At AES Nation, we're all about accelerating your success. One of the biggest opportunities you're ever going to have is using and collecting data correctly. Stay tuned, you're going to learn and be able to do it.

Harpreet Singh, I appreciate you very much joining us. The last time we were together we were at Peter Diamandis's Abundance 360 mastermind group, at least when we were physically together, we've been on the phone since then. I was just blown away with your presentation. Thank you for joining us and sharing your insights with my fellow entrepreneurs.

Harpreet Singh: It's my pleasure to be here. Thank you for having me.

John: Harpreet, you're doing some amazing things on data. I'm learning so much and I'm really having a lot of fun as an entrepreneur because so much of the stuff, particularly on marketing or any part of our businesses used to be we'd put our finger in the air and see how things were going. Now, the collection of data is just amazing. You're going to help us with a lot of the insights. But, I want to get the back story, I always like starting with the back story. How did you get to where you are, co-leading this company and really being pretty disruptive out there?

Harpreet: Data is a new world, I didn't start with data in the beginning. I was interested in building expert, expert marketplaces. My first venture was Academic Room, which I also began out of the Harvard Innovation Lab with my co-founder Sarabjot Kaur. The idea was that every business is struggling to find subject matter expertise. So if we could curate experts within various disciplines and also curate their knowledge, it would be an amazing platform.

So we started doing that. We ended up with 25,000 PhD's across disciplines on Academic Room. The hiccup was that we weren't able to monetize that expert at work because it was so horizontal. So we pivoted from Academic Room and we started looking at some of the big trends. As we know, data is doubling, tripling every two years, it's really exploding in terms of

the amount of data that can be collected today and also because storage prices are coming down, organizations are collecting more data. We saw a big opportunity there to create a marketplace that would again have the subject matter experts, thought leaders who could help organizations either get started on their journey to become data-driven or to analyze the data they have.

Much of this is about big data. Big data consists of 3 things. That there is a diversity of data, different kinds of data that is coming in, there is data coming at a very high velocity, and the kind of data that we have cannot be quantified with the traditional sources. A lot of the data is unstructured, so it requires new forms of tools and understanding to arrive at a better analysis of this data. Once we bring together different kinds of data, the insights we receive are very different than the traditional ways in which data was analyzed. We found this to be an exciting opportunity and we established Experfy. We launched about 11 months ago and we've seen explosive growth since then.

John: I'm not surprised at all. When you were sharing the insights with us at Abundance 360, it's one of the things over the last about 5, 6 years I've really become interested in data more, I've always been interested in from the investment world. You wanted that, we were so analytical in that side but now because everything's so much on the web and the internet, the flow of data and you talked about storage. Matter of fact, Harpreet, what I'd like to do is just put up the slide that you gave me on the scarcity of data science talent. You mentioned this but data, I know the sheer volume, I've got a few businesses, the data that we're generating now, I couldn't have imagined 5 years ago. It's doubling world-wide every 18 months. I think the big thing here you show is that only 1% of the data is analyzed. It's one thing to collect data and store it, it's another to do something about it.

That's what we're really going to talk about today. The other part, I took 3 years of statistics in college, I have an undergraduate in accountometrics, so a little knowledgeable in programming and so on. I've got to tell you, I'm struggling with this. The need for specialists is just so high. You show the scarcity numbers. This is a pretty big deal. I'll put up the other slide on global imbalance and share that. I thought, this was where you woke me up, where the need is in blue and all the talent is in green, there's a mis-match that's going on here, Harpreet. Is that really what kind of brought you and your team together?

Harpreet: Yeah. There is a very interesting McKinsey report in 2011 that predicted that by 2018, there would be a scarcity of 190,000 data scientists in the U.S. alone. A more staggering number is that there is going to be a scarcity of 1.5 million managers who are capable of analytical decision making. The problem is that most of the organizations really need to re-invent themselves and educate their senior management about what big data is, how do you become data-driven, how do you compete using the power of data.

That was one aspect, the other was really that Harvard Business Review and others have talked about this new job role of a data scientist. They call this the sexiest profession of the 21st Century. No one could have imagined that someone who does statistics and mathematics and programming that that person can be described in this manner. These are changes that we hadn't anticipated, perhaps, a decade ago that are occurring right now.

John: I think it reminds me of the movie *Revenge of the Nerds*, and I mean that with a tremendous amount of respect. It's so valuable, having the insights of a data scientist. What's happened in our group, I'm going to just take one application where normally marketing, that is one that it's so easy to go with your gut. Every marketing meeting we get the summary of the data. When we get into discussions on whether you should do this or do that we say, "Do both, test it, you know, split test." Just the knowledge we're gaining, your presentation showed me that we're only just touching it a tiny bit, how we're using it.

I wanted to share what I've been learning from you with the rest of our entrepreneurial audience, whether they're listening to it or on the video. Let's talk about how in the small, mid-size businesses, because we've got the big one, you've worked with Citibank. Citibank I've done some consulting with, worked with a number of their top people. They've got a lot of data. They're some pretty smart people, they're using the data and so on. Maybe not, none of us I think are using it as well as we could but they're using it. So many of the small business, mid-size businesses are just getting started on this journey. How do you help them think through? Big data is pretty scary when they're not sure what to do with anything that they're getting.

Harpreet: I think many entrepreneurs, big data, especially in the small to mid-size companies, big data is not really relevant, at least today. The first step would be to create a culture within the organization where data is valued so that the organization is progressively becoming data-driven. The way you do that is you ask yourself, "What are the key metrics, what are the key performance indicators that I should be tracking on a daily basis, on a monthly basis, on a weekly basis?" Then, set systems in place so that you're collecting the right kind of data to track those metrics. It could be your revenue numbers, could be the number of customers you're acquiring, it could be certain operational expenses or number of call-center calls you're receiving with complaints, and so forth. If you can define what those are, that'll help you grow your business.

The next step would be to build a bunch of dashboards that every morning you turn on your computer, you come to the office, you look at those dashboards, you look at them with your management team during your management meetings. Those enable you to focus on decision making that is informed by these metrics. That is the first step. The challenge is that businesses are not collecting the right kind of data. It's there, it exists, but it's often lost. How do you put together data bases, data warehouses that bring in that data? Once you have it in

one central repository, then it's very easy to create these dashboards and measure your company's performance against those.

John: One of the things I was surprised, Harpreet, on doing this is, as I said, about 5 or 6 years ago, I got really excited about doing it for all my businesses, central databases, the whole thing. Initially, getting the senior team behind that does take some leadership. They're wondering ... there's some expense in putting this all in place. I'll tell you, particularly some of my marketing/sales people were not that excited about it. I think the sales the most because we can be much more accountable in everything that we're doing. The operational people are probably much more they're wondering whether the expense was right. I got to tell you, within about 6 months, I think the sales guys would have hugged me and kissed me. All of a sudden seeing the data, see what worked, be able to understand who are the right clients and some of the behavioral things. Then what's working, what's not so we can make the right investments. It was shocking to me, I didn't know that it would be that powerful.

Harpreet: Very, very true. On Experfy, we have a lot of projects that pertain to sales and marketing analytics. We have clients that are trying to measure the success of their direct mail, for example. This is again, doesn't just apply to large companies, even the smaller businesses that are trying to acquire customers through direct mail, they are sending out thousands or millions of post cards or mailers without knowing who the customer is. If you can segment your customers, if you can understand what the customer profile looks like, then you can go back to your database of these million contacts and say that, "I don't need to mail this out to all million of them. Let me target the ones that will have the highest response rate." You can look at a reduction in expense. If we have a client sending out a million of these every other month and we are going to reduce that number to quarter million, to half a million. The saving is staggering, the amount of money this client is going to save. He's only able to do that because he knows what the client profile looks like. Then you can use the demographic data, you can enrich the existing data from external sources as well. Then, go back to your database and narrow down your targets, who you're going to contact.

John: I've been amazed at the cost saving. Some of it is the segmentation clearly is a big part of it and understanding who the clients are. The other is not wasted energy. Really you're not wasting the prospective client, who really isn't a very good prospective, and the sales people. You can create campaigns based on the desires that you're target market has. Our productivity has gone up, I don't know if it's been exponentially but it's significant. I want to make sure our fellow entrepreneurs know if they're collecting the data, its one thing to collect it. The dashboards are really powerful. I like to see green lights everywhere. It identifies problems, the split testing.

Now, we're talking with ... you're going to help us on some of the other parts as we see who clients are. I think you called it the client churn, when somebody's working with you and leave.

You can use data to predict that and be able to make sure you address the challenge before it's a challenge. The ability to understand, as you were saying, who are the right prospective clients for the service and get that. All of a sudden, you start looking at this, this is a huge, huge value.

Harpreet: The churn question, I think, again, very interesting, we've got a client that has these health clubs all over the world. The question is how do you determine who's going to churn? Instead of waiting until someone leaves, you start to nurture them before they leave. This falls under predictive analytics, where you trying to predict who's going to leave. You give them the right offers, you give them the better service so that you can retain them. That's applicable to many businesses, even if they are online, data-based platforms that are offering services, subscription based platforms. If you can figure out what the indicators are that someone is not using your service. If someone hasn't logged into your website for a month or two months, that means they're not deriving the full value out of what you have to offer, then you need to figure out how do you re-engage that person? Perhaps it's through customer service, perhaps it's through some other means. Having the data in place and having the ability to predict these things is really important for businesses to stay competitive.

John: Let's talk about, Harpreet, one of the big challenges is ... okay, let's say, we get it. Any of our fellow entrepreneurs, nobody is going to argue that these aren't valuable, lower your attrition rate dramatically, retention rate's sky high, getting the right clients to line up to work with you because now you know where they are and doing the right campaigns. This is for everybody listening this is worth tens of thousands, hundreds of thousands, millions, maybe for a few, billions of dollars. This is big. It's one thing to get it in concept, get the broad strategy, start putting it in place is another and executed. How do you work with, how do you find the right people to work with you to help your team through this? Because it is invaluable, it does take a little time, effort. You got to have the right talent people. I've found that many times in my life, when I hire somebody who's the wrong person it becomes unbelievably expensive.

Harpreet: Yeah, the philosophy that we have at Experfy is that we should begin with small projects. Instead of starting with a big engagement, start with a 5, 10 thousand dollar project where you take a small sliver of the problem and then you essentially see how you can address that particular topic. We've got projects that will begin small, will show the value, and then they will expand over time.

The process ... how do you know if the person is the right person? We've solved that problem by building a competitive marketplace. The way it works is you come to Experfy, we help you define or articulate the problem, we post it as a project online on the portal and there are 1,100 data scientists on Experfy, and they are increasing 5% a week or more, we're seeing explosive growth there. These data scientists, those who focus, let's say this is a customer analytics problem, the folks who focus on customer analytics will come back and provide

proposals on how they will solve that problem. These very detailed proposals, you might get 10, 20 of them, depending on how interesting the problem is and what the budget looks like. You've got to make it attractive for people to provide these responses. Based on that, very quickly as you read through these responses, you'll see who has the best ideas.

Often what we find is that when clients are interviewing them, you can schedule video interviews with 2, 3, of them, we help you short-list some of the best providers with the best proposals. As that discussion is going on, new ideas begin to emerge from those discussions. Because there might be some gaps in the knowledge of the provider about your business that are clarified through these discussions. New ideas might emerge as you're thinking, "Okay, the first provider said this, and the second said this, maybe I need to combine the two approaches and do something different."

At the end of the project, we haven't had a case where we haven't delivered value because most of the businesses are struggling to really get the basics right. When it comes to building that foundation that'll help you create these dashboards, establish your metrics, and establish how you are going to move forward as a business.

John: I really like the process a lot because when we look at how you would try to find them, someone like myself, finding somebody that would do this, it's really hard. There are other, I think of a lot of free-lancers. All my companies are virtual companies so everybody's an independent contractor. I've leveraged different groups but for real specialized knowledge, it's hard to find those people. It's pretty amazing. The part that I really like, Harpreet, that you're saying is the piling part. What I've found in working with independent contractors, starting with a project, get it as clear as possible.

In this case, what I love ... reminds me the most, one of my favorite for graphic design is 99 Design. You put a project together it's a contest-type thing. There's a little bit of that here. The brilliant ... I'd pay 2500 dollars for a graphic artist to do a book cover for me, now it's a few hundred dollars and I've got 40 or 50 great ideas, I'll pick a few, work with it, then award for the number 1 and run with it. It's a great process. You don't have to start big because it's so overwhelming, I think, the possibilities of what you can do with data and now what we're doing is we can break it up to bite-size pieces, we can learn together and really have a pretty powerful.

Harpreet: Absolutely. By starting small, another advantage is that you have a chance to educate the data scientist you're working with and they can help you build a roadmap. Because that small project will give them a lot of understanding of your business. But if you start big, then the roadmap may be incorrect. It may not be applicable to your business entirely. The risk is higher when you start with a bigger project.

John: Often times, when you start with a big you have to pivot, as you talked about earlier, many of us entrepreneurs have pivoted a few times. What I love is working with somebody who knows more than I do and they can help you and we start small, they have the enlightened self-interest to have success, have a great ROI early on. This is the type of thing that every one of us as entrepreneurs is going to be doing for the rest of our life is using this data and trying to figure out how we can use it even more effectively.

Harpreet: That's right.

John: Let me change the segment here... a book that you really liked and you thought the fellow entrepreneurs would like as well.

Harpreet: Given we are living in a competitive world and we're talking about data today, I thought Tom Davenport's, it's an older book called Competing on Analytics in which he talks about how certain businesses are more successful than others because they've been able to use analytics in a very effective way. He talks about, for example, the casino industry and how Harrah's was one of the first to engage with analytics and began to create a lot of value. Their CEO was someone with a PhD from MIT in economics and really understood how to use data. It's a great book to get a flavor of what's happening in this world of analytics.

John: I think we can stimulate a lot of thoughts. When you start looking, there's so many really good firms that are using it, whether it's at the casinos, the airline industry, it's amazing how well we're all being tracked, there's no privacy anymore. But with that, we can look at it from a negative stand point that people are trying to manipulate, I really look at is that they're trying to serve us and they're trying to understand what we want, who we are, and how can they, in their enlightened self-interest really be of more service. This is a great process.

Let me go to the next segment. This is the application of the day. Harpreet, you're a technology guy, you're an entrepreneur, a PhD, you're out there in Cambridge, Harvard, you're teaching, what do you got on your smartphone that would be an interesting app, it doesn't have to be on the data stuff, but an interesting app for your fellow entrepreneurs?

Harpreet: Perhaps a non-data stuff would be interesting. I'm a voracious reader, I read a lot, I perhaps read a book every 2 days. Marwen is a great reader app. There's a Mac-based software called Calibre, probably exists on Windows as well. Calibre enables you to manage your eBooks on the Mac. Then these books can be sort of sent to your mobile devices. I download a new book I want to read, then I'll send it off to my iPad or my iPhone that way I have it whenever I have time to read, I'll read it on that.

John: That's great. I am a big reader. One of the things I've been doing about 3 podcasts a week now which has been tough because everybody's giving me a great book I want to read.

I'm usually a one book a week guy. It's hard to keep up with all these great recommendations. Having good readers and tools for that is just so amazing. Let me go to the next segment.

This is resources. One of the things ... you've got a great website, when you look at it, there's some magic happening. I want to direct everybody, let me pull it up on the screen and maybe you can tell the fellow entrepreneurs how they could use this effectively.

Harpreet: When you go to the homepage, you'll see a button called "I want to hire." You can click on that and it'll give you the ability to tell us what your most pressing problems are. You don't have to engage in the hiring process right away, it's just something that you sign up and you'll start getting some content from us, useful articles. That way, you get to know what's going on with Experfy and some of the content we're producing, you can consume that.

Then, there is a second section called the blog which we've named Experfy Insights. We have a lot of thought leaders in the industry coming in and writing on that blog. We are sharing some of the common problems, insights, discussion on tools and processes that we think are going to help entrepreneurs with their businesses. Those are the two things I would recommend.

John: That's great. The content is pretty amazing. So many of us are just getting started in this. If you want to take a step, this is a great way to take a step. Let me do the final segment here.

This is key takeaways. I've got a lot of notes, I've had the privilege of spending some time with Harpreet, this is something that's near and dear to my heart, not because its technology cool, I call it business cool. Technology cool is the shiny new things, business cool is something that gives you a huge ROI and this does. Key takeaways is number one, as fellow entrepreneurs, what we have to do is we have to create a data culture, we've got to get away from the gut, as Harpreet was saying. So much of us, we pride ourselves as entrepreneurs that we're pushing hard, we're in the business, we understand our industry, our niche, but once you start putting that data in, it's amazing. Really, you're going to find your team embracing that.

Define the KPI's, the key performance indicators. All of us have different ones in our business. A lot of times its revenue-driven, client-driven, experience-driven, so on, but there are key things in your business that if you track it's going to be both an early warning signal of what's not working as well as what's working. Track them religiously. Create, as Harpreet talked about, a dashboard. I love having the dashboard, seeing what's going on. It's an iterative process, doing this. This is really where you've got to find the right person, or team, to help you. One of the reasons why I wanted to have Harpreet on is he's got the largest team of anybody out there, 1100 as he said data scientists and growing.

The key part, I think the biggest thing is you don't need to be afraid to get started. Pilot, pick one project, get started doing this. Because this is going to be a life-long journey for all of us as entrepreneurs but I tell you it's going to make a huge difference. Your current clients, they're going to love you for doing it. All those future clients, they don't know who you are yet. They will when you use data effectively.

Harpreet, thank you for joining us. All you fellow entrepreneurs, go out and execute. Remember the show notes are at [aesnation.com](http://www.aesnation.com). We've got the transcript, the show notes, all the links so that you can go ahead and really put this into action. Make a difference. Wish you the best of success.

A Second Opinion on Your Finances

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John Bowen
Founder and CEO
Financial Advisor Select