

Netlog

focusing on quality,
users, and being
different

Netlog nv was the 2009 Fast50 winner with a growth rate over 5 years of 11.285%. Specifically targeted at European youth, Netlog is an online community portal where users can stay in touch with, and extend, their social network. Currently available in 37 languages, with over 72 million members throughout Europe (and more joining every day), the company exemplifies the Fast50 selection criteria: growth, technological innovation, drive, courage and vision. Co-founder and CEO Lorenz Bogaert tells the entrepreneurial success story.



Lorenz Bogaert and Toon Coppens

As last year's winner, what is your opinion of the Fast50 initiative?

Lorenz Bogaert: "We are very positive about the Fast50. We certainly appreciate all initiatives that shine the spotlight on young entrepreneurs – and the Fast50 is one of the most accessible awards out there. It's a good indicator of the growth of young companies, and the Fast50 recognition has also given us a lot of good press coverage.

Deloitte, of course, is a very strong brand name, which lends a lot of credibility to the initiative. Plus, the way it's organised and the way the selection process is managed add a lot of credibility, too. There are so many awards being given every year, but there are only a couple of initiatives that really stand out and that you can really rely on – Deloitte's Fast50 is one of these."

Looking beyond your home market

How has Netlog grown so rapidly? And how did you go international?

"We've grown very quickly by looking beyond Belgium's borders, by looking outside our own country and not limiting ourselves to our home market. Which is actually quite natural for people living in smaller countries like Belgium and the Netherlands. In fact, the answer lies in your question: by going international, you accelerate your growth.

In addition, we were one of the early players and one of the most innovative ones as well – we were bringing new products to new markets, where online communities and social interaction via websites were not yet very common. I think there have been two main drivers: we're a product-centric company, focused on excellent sites, and our main marketing strategy is the product itself. Our product is also very 'viral' and attracts its own users. And as revenues come in, we re-invest in our company, in new products and in internationalisation."



“How do we handle the competition? By focusing on the quality of our product and making sure we continue to fulfil our users’ needs. We also strive to remain different from the rest.”

Lorenz Bogaert, CEO Netlog nv

What inspired you to create Netlog in the first place?

“We began around 10 years ago – Toon (Toon Coppens, Netlog’s other co-founder) and I did a lot of chatting at that time, and we realised that many people didn’t know how to create their own website: it was very technical then, requiring knowledge of HTML and so on. A lot of people might start a site, but then they would stop because maintaining it was also difficult and time-consuming. So, they would ask us to build a website for them ... and we created Netlog, which enables you to build your own web-page in about 60 seconds. And through blog posts, birthday announcements, profiles, etc., you can also make sure you have traffic on that page. And this turned into a community of people, which kept growing virally. The more people that are connected to a network, the more useful – and fun! – it is for others to join. We were fulfilling the need for people to communicate with each other, so the viral growth happened automatically.”

Bootstrapping

Sounds as easy as rolling off a log – were there any growing pains?

“For me, one of our biggest growing pains was the fact that I couldn’t work on the company full-time – I had to work another job to earn money to finance Netlog (to buy new servers, and so forth). But this was just after the dot.com bubble, and no one was interested in investing in young online media ventures.

We couldn’t even get a loan from a bank. So, we decided to just bootstrap and do it ourselves. With some personal sacrifice – a lot of young entrepreneurs face this, and it’s not a bad thing. For example, at one point, they cut off the electricity in my house, which isn’t really cool when you have a girlfriend who doesn’t understand what you’re doing. But you’ve invested everything you have in your idea, you’re fully committed – bootstrapping also makes you very careful about how you spend your money.”

But you eventually partnered with a VC, right?

“While we were bootstrapping, this was 2006, we were quoted in the media as saying that we would never work with a VC (we didn’t agree with their liquidation requirements, etc.).

So, of course, by announcing that we didn’t want a VC partner, the response was incredible: the phone didn’t stop ringing, and there were VCs knocking on the door. Which made it quite easy eventually, when we did decide to work with a VC: we simply selected the best one in Europe for internet companies.

My feedback is that working with a VC changes a lot of things in your company, it professionalises your company and makes you focus more. You can get these same results by working with an advisory board, for example, so an investor is not a necessity for this kind of progress – but it’s given us a financial buffer for the future and limited our entrepreneurial risk.”