



**SPI 238**

# How Marco Schwartz Built a Business Based on the Internet of Things

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Pat: This is the Smart Passive Income Podcast with Pat Flynn, session number 238. Let's do this, internet.

Announcer: Welcome to the Smart Passive Income Podcast, where it's all about working hard now so you can sit back and reap the benefits later. Now your host. He and his three-year-old daughter eat buffalo wings together on date nights. Pat Flynn.

Pat: What's up everybody? Thank you so much for joining me in this episode of the Smart Passive Income Podcast. I'm very happy to welcome our guest today. This is Marco Schwartz from Open Home Automation. I love him for a few reasons. One, he is an SPI listener just like you. He reads the blog. He watches SPI TV. I love sharing success stories of people who've built websites from some of the tips and stuff that they learned here on the show and on the blog.

Marco is one of those success stories. He shares a lot of tips and how he got started and big lessons that he's learned along the way too. His website, OpenHomeAutomation.net is all about the internet of things and creating everything connected in your home. The big trend. Smart everything, right, where everything's connected. You can control it from your smartphone while you're away or on a tablet in your home. He helps people understand how this all works. He has products, and he has a site that is not overly complicated too. He created a niche site, and it's doing really, really well now.

That's what I love about this. He's just like one of you guys, and he created something that was very helpful. If you look at that site ... Again, it's OpenHomeAutomation.net. It's nothing super complicated. It does exactly what it needs to do. I also love it because it has a great Start Here page, clear call to action on the home page to go to that page just like on SPI.

Finally, before we get started here, Marco is one of the many international listeners of the show and readers of the blog, and so I want to thank and give a big, huge shout out to not just Marco, but everybody out there who is across the pond on the other side of the world who listen to the show. I love you guys. Thank you so

much. You make up a huge bulk of the SPI audience. It's not just people in the US, but all over the world. You guys are making a difference, and I'm hoping that Marco inspires you just like he did for me and ... Yeah.

Here we go. Marco Schwartz from OpenHomeAutomation.net. Hey everybody, what's up? I'm so happy to welcome Marco Schwartz onto the Smart Passive Income Podcast. What's up, Marco? Thanks for joining us today.

Marco: Yes. Hi Pat, thanks a lot for having me. It's really an honor for me to be here, as I listened to your show a lot in the past.

Pat: Thank you so much. I really appreciate that. We're going to dive right in to your story, so why don't you tell everybody out there who's listening right now, what is your business? What are you all about?

Marco: Sure. My main business is Open Home Automation website. It's a website where I post tutorials about how to build your own home automation systems made from scratch. I teach people a lot of things, like electronics, programming, also 3D printing. Some examples, I teach people how to build stuff like security cameras, motion sensors. I teach how to control all the lights in your home and similar topics.

Pat: Okay, so home automation. This is a big thing over the past couple of years. It's called the internet of things I think is what some people call it. You're helping people figure out how to make all this stuff happen. How did you even get started with all this? Why is this a topic of interest to you?

Marco: Sure, so I will tell you a bit more about my story. I'm now 30-years-old. I'm an engineer by formation, so I studied computer science and electrical engineering. I've always been passionate about creating things, programming, and especially home automation.

The story really begins in 2009. I think, like a lot of people in your audience, I read *The 4-Hour Work Week* by Tim Ferriss. Yeah. At

the time I read it, I thought to myself, “It’s too good to be true. That’s just not for me.” I continued my studies, and in 2012 I was still doing my studies. I was about to finish. I was about to look for a job, and then I listened to two podcasts when I went to my university every morning. The first one was yours. The other one was the Tropical MBA podcast.

Pat: Yeah, with Dan. Yeah, with Dan.

Marco: Yeah, exactly. Yeah.

Pat: Those guys are great.

Marco: Yeah, yeah, yeah. Those two podcasts really made me realize that actually people are out there like you doing it, living from their passion. It really inspired me to do my own thing. At that time I was already doing projects just for me, like creating home automation systems. It’s only in 2013 when I finished my studies that I decided to really go for it and just create the website and start to post tutorials out there.

Pat: Great, so your first move was to ... First of all, just to make that commitment to do it, but then secondly, you built a website. You just started posting tutorials. Were these written tutorials, video tutorials? Walk us through exactly what one of these tutorials is like.

Marco: Sure. At first it was only written tutorials. Tutorials basically are step-by-step blog posts where I show people what they will build in this project, what do they need, like what components, and then exactly how to built it and then how to program it so it does what it was designed to do.

Pat: Okay, what are some of your more popular tutorials that you’ve done?

Marco: Sure. For example, a very popular one is how to control your lamp in your home, or any light by the way, from anywhere in the world. You can be at the other end of the planet, and you can still control it. That’s very popular. Also all the articles concerning building security

cameras. Cameras that you can put in your home and then just monitor from your phone, for example. This is also very popular.

Pat: Okay, so security cameras that you can watch on your mobile device.

Marco: Yeah, yeah.

Pat: Very cool, very cool. When did you start to notice that this site that you created was actually picking up steam? Did it happen right away, or how long until you actually noticed that there was something here for you?

Marco: Yeah, it actually started very badly. Maybe I can share this story.

Pat: Oh, please.

Marco: The first mistake I made, and I assume you made the same mistake actually at the start. Basically I was developing systems using a platform called Arduino. Maybe some of your audience will know it. It's basically a platform that you can use to easily build some of the systems. As I was building tutorials based on the Arduino, I called the website ArduinoTutorials.com.

Pat: Uh oh.

Marco: It was available, right? I was surprised, by the way, that it was available. Just two weeks after, my website was not even popular or something. I was getting maybe 20 visitors per day, and I received a message from Arduino saying that, yeah, I have two weeks to shut it down, or ... Yeah.

Pat: Right. Okay, so you received a cease and desist letter. Marco's referencing something that happened to me in the past, back in 2009 actually, when I got a cease and desist letter from the United States Green Building Council for using LEED, L-E-E-D, in my domain name. I remember when I got that letter, I thought it was the end of the world because I didn't really know what I was doing. I didn't know that I wasn't allowed to use a trademark or even that LEED

was a trademark. Again, I was just such a rookie at the time, and I almost gave up. What were your feelings when you got that notice?

Marco: It was pretty bad as well, yeah. I also didn't know what I was doing. The website, yeah, was just two weeks old, and ... Yeah, but quickly I decided to ... You know what, I won't shut it down. I didn't have a job, so I had to make this work, right? I just changed the name, so I said, "Okay, I'm doing home automation tutorials." A lot of the software I'm using is open source, so I just put this open in front of it, and now it's called Open Home Automation.

Pat: Great, so OpenHomeAutomation.com.

Marco: Yeah. Dot net.

Pat: Oh, dot net. Excuse me.

Marco: Dot net, yeah.

Pat: That's great. Now a lot of you might be thinking, "Whoa, how did they found out that you had this website even though it wasn't popular?" Well, a lot of larger companies have teams of people and systems that just automatically detect when new domains are created. That's why it happens. Better safe than sorry. Don't use a trademark in your domain name. Even you might see other people doing it. At any moment in time that company can come after you because of that. You might put yourself at risk if you do that.

That's great, so OpenHomeAutomation.net. Okay, so you got over that hurdle. You changed your domain name, and of course they were satisfied with that. Tell us what happened next.

Marco: Sure. The very first article on this website was in January 2013, so it's a bit more than three years now. I started to post an article every two to three weeks, as this article takes quite a lot of time to make. Then it actually picked up steam, I would say, at the end of the same year. At the end of 2013, I started to get at least 200 people per day or something like this.

- Pat: Oh, that's great. Initially you said 20 visits today. Now a year later, or almost a year later, about 200 visits a day.
- Marco: Yeah, yeah. Currently the website is doing, yeah, 60,000 visitors per month. Yeah, yeah.
- Pat: That's about, what, 3,000 visitors a day if my math is correct. Hopefully.
- Marco: More like 2,000 per day.
- Pat: 2,000-3,000 a day.
- Marco: Yeah, yeah, yeah.
- Pat: That's fantastic. From 200 to 2,000 a day, that's quite a large jump. Was there anything in between then that really happened that really put it on the map, or was it a steady climb? It's been a few years now.
- Marco: There wasn't really something maybe I did on the website because I just publish regularly articles. Yeah, one or two articles per month during those three years. Not on the website itself, but one tactic that I used that really worked for me was to post my articles, like a link to my articles, on Google+. I know a lot of people don't like Google+, and they say that it's useless to post there because there is nobody. In some niches, like my niche, there are loads of active people looking for this kind of stuff. For me, it really helped. Some days it will bring me like 10 times the visitors I had the for that day, so it really helped.
- Pat: Wow. That's great. Yeah, Google+ I know a lot of people, like you said, just aren't even paying attention to it, but you're right. A lot of tech niches specifically ... I know space and that niche is very popular in Google+. It's kind of cool to hear that it's working for you too. It's still working for you today?
- Marco: Yeah. Of course there's a smaller impact on the number of visitors,

but it's still working. Definitely.

Pat: Oh, that's great.

Marco: Yep.

Pat: Quick question. At this point in time now, are you still only doing written articles, and is it only two to three times per month, or have you expanded onto other platforms and increased your frequency?

Marco: Yeah, so now it's still two articles per month, and it's also two videos per month.

Pat: Ah, okay.

Marco: That was really big for me. I opened a YouTube channel and really started to post a lot of videos there because video is just great for my niche because I can actually show people how it's done. There's a process here that for each article, I will make a video which will just show the same thing that's in the article, but I show it on the video. I show people how it's done. Of course it's less detailed than in the article. Then from YouTube I just say, "Okay, now if you want to actually learn more details about this project, just go over to my website."

Pat: Okay, and you have the link to the website in the description?

Marco: Yeah, exactly.

Pat: How many views per video are you getting typically?

Marco: It really depends on the video, but I have one video which is crazy. It's more than 100,000 viewers, so it's a lot for my channel. Videos are usually, yeah, 10,000 viewers or something similar.

Pat: That's still fantastic. That 100,000 view video, is that the same topic as you talked about before, controlling a lamp or security video?

Marco: Yeah, it's related, yeah. Yeah.



- Pat: That's a great lesson there. Was that a video that you created for your older article that you knew was popular, or was it one you created that was for a brand new topic?
- Marco: Actually it's my very first video, and I think it's the worst of the channel. For some reason, people like it.
- Pat: That's good.
- Marco: Yeah.
- Pat: Now let's get to talking a little bit about how this is actually a business for you. Obviously it's one thing to build a website, get traffic, and you have this great YouTube channel now. How are you actually monetizing this site?
- Marco: Yeah, so there are two ways that it's monetized at the moment. One way, which is maybe only 10% of the revenue, is via Amazon affiliate. Of course in my articles I use some products. I use some balls, I use some components. Then it's really easy for me to just link to the Amazon website, and then if people decide to make this tutorial they are quite likely to buy the products on Amazon, right?
- Pat: For sure.
- Marco: That's quite a natural way to monetize it, but it's only like 10% of the revenue. The main revenue that the rest is from selling e-books.
- Pat: Ah, e-books. Okay, talk more about that.
- Marco: Sure. There are three channels on which I sell e-books. The first one I ever tried for my very first e-book was Amazon Kindle, I assume like many people. I sold the book there. It was \$9.99 at the time, and that worked quite well for awhile, but what really worked for me is selling books directly on my website. Directly selling books in PDF format on my site for visitors.
- Here I really got inspired by what you are doing with the concept of a product sandwich. Really I got inspired with what you are doing

with some of your products. Basically the idea is to have one main e-book, so about home automation. Let's start an example. I have a product about home automation with Arduino. Arduino is the platform we talked about before. Basically the idea is to sell that either alone or in a sandwich, and a sandwich will be bonuses that are around this main book.

For me, for this product, well, if you want to build home automation systems with Arduino, you need to know about Arduino. The base of my product sandwich will be a smaller e-book about getting started with Arduino.

Pat: Is that book something you offer for free if you get this main e-book?

Marco: That is, yes, yeah. I think, yeah.

Pat: Okay, great.

Marco: Then on the top of the sandwich you have bonuses and add-ons to the main product that's basically what you can do once you learn what's in the main product. In my case, it's, for example, "Well now you've built home automation systems, but you want to control them from anywhere in the world." That's an additional e-book, for example. I also created, in these packages, I created videos. Basically I show in the video what people will find in the main e-book. That's a bonus, and this allows me as a business to also sell more expensive based on the same book.

Pat: I like it. I like it a lot actually. Some of you who have been listening to the podcast for a while, you might remember something called the bonus sandwich. This is what Marco is talking about. This was something that was actually introduced not by me, but by a former guest in episode 84, which is Derek Halpern from Social Triggers. He introduced this topic of the bonus sandwich, so it's really cool to hear that you have taken that and you're using it. It makes complete sense here.

You have a main product, and the idea is one of your bonuses is for people who just need information to be able to use that product. Then the second bonus on top, the top part of your sandwich like you were saying, is a bonus that you can give to people who end up using that product and can take it to the next step. I think this is just a great overall package. You can see how this really fills out something. It adds a lot more value to what it is that you're offering. How much are you selling this package for?

Marco: Yeah, so all of the product I have for sale, they go from \$15 to about \$50. \$15 is just the main e-book plus the getting started book. Then the bigger package is with everything, so with bonuses, e-books, and also videos.

Pat: Great, so \$50 the higher end. Can you tell us a percentage of, based on all your customers, are people buying more of the lower end, or are they buying more the higher end? What's the percentage breakdown there?

Marco: Nearly all people are buying the high-end product actually.

Pat: Wow, that's really cool.

Marco: Yeah.

Pat: A lot of people will just, when they're selling product they're like, "Oh, here's an e-book. I'm just going to sell that." They're losing out on these opportunities like you're doing. Talk more about why you think that is.

Marco: I think people are particularly interested by the videos, for example, because it's truly a great way to show. Especially with what I'm doing. It's a great way to illustrate the projects that they will find in the book. They have the book to do it, but if they need additional helps they can just go over to the video and just see how it's done in life. I guess that's one of the reasons.

Pat: I love it. I love that a lot. What software are you using to deliver your

e-book to your customers?

Marco: For now it's very basic. I have a Wordpress plugin on my website called Easy Digital Download.

Pat: Okay, I've heard of that.

Marco: Basically people can buy the Paypal or credit card, and then they get a link to download everything.

Pat: That's very cool. What are some of the lessons that you've learned now that you've been selling this e-book for awhile and these packages? For people who are getting started listening to this, I know it's inspirational, and you almost make it sound too easy. What are some of the challenges that you've faced along the way?

Marco: Definitely I think making people arrive to this page where I have the e-book. I just start ... It's like people were only reading my free stuff, and there was just this little tab on my Wordpress site saying products or books or something. Very few people were actually clicking on this. Everything changed once I started to collect e-mails on my tutorials. I created an e-mail list maybe one year after I started the business, and then I can see that all the sales are coming not from direct visitors on the site, but from e-mails.

Pat: That's a big lesson for everybody out there who doesn't have an e-mail list yet. I think we've talked about this hundreds of times on the show before. What are you using to incentivize people to get on your e-mail list?

Marco: At the start I was giving out nothing, which was a terrible mistake because I had a very low conversion rate from people visiting to signing up. Now I'm basically giving up, for example, a part of the book. I say, "Okay, if you want more information about this topic ..." I will give them one chapter of the book that is related to what they just read. They just read about home automation and Arduino, I will give them a free chapter of the product that I have about this topic in exchange for their e-mail. Then I will follow up with a sequence

of e-mails talking more about the same topic and then at the end about my book.

Pat: Oh, very cool. If you have another blog post about a different topic, do you actually give away a different chapter for free?

Marco: Yeah. Definitely, yeah.

Pat: But it's all part of the same result, the big package that people are ultimately going to see an offer for, right?

Marco: Definitely, yeah, yeah, but I give a different piece.

Pat: I love that. I love that. You're sort of segmenting your audience based on their own interest, but it all leads to the same thing.

Marco: Definitely, yeah.

Pat: What e-mail service provider are you using to help manage all that?

Marco: I think I will surprise you here because I played with a lot of e-mail providers. I tried first MailChimp.

Pat: Okay, MailChimp.

Marco: But I didn't really like their pricing point because at that time I started to collect e-mails, but I didn't really make a lot of money from that. The list was growing, and MailChimp was asking me for more and more money, and I didn't like it so much. Then I moved to a solution called Sendy. That's Sendy.co, and it's basically like an e-mail marketing software that you can install on your own server.

Pat: Sendy, S-E-N-D-Y?

Marco: Yes.

Pat: Dot co.

Marco: Dot co.

- Pat: Oh, interesting. I've never actually heard of that. Can you talk more about why you chose that versus AWeber, ConvertKid, or Infusionsoft?
- Marco: It's first because I had complete control of what I was doing because as a programmer it's really easy for me to understand all those things. It was really easy to install for me, and then you end up paying only the e-mails that you send. Basically I reduced my bill from maybe \$100 per month with MailChimp to maybe \$1 per month.
- Pat: I see. I'm on their home page right now, and I see MailChimp cost per 10,000 e-mails is \$200 with MailChimp. With Amazon SES, which I guess is the platform that they're on it's only a dollar per 10,000.
- Marco: Yeah, yeah.
- Pat: I guess the challenge is there, and correct me if I'm wrong, is that you have to have a little bit of technical know-how to actually install this on your server and all that stuff.
- Marco: Definitely, definitely, yeah.
- Pat: That's really interesting actually. I've never heard of that, so I'm going to look more into that for sure. For everybody who's just starting out, might be interesting to check out, but probably a little bit more technical than we want it to be, which is the benefit of paying a little bit more for those other services.
- Marco: Definitely, yeah.
- Pat: That's really cool, and I love all these things you're talking about. This is stuff that we haven't really heard before. To finish up here, and again, thank you Marco for sharing this. This is super cool. What are some tips that you have for people who want to get started on the same path as you? You've been doing this for three years now. At what point were you like, "This is what I'm going to be doing." Was it right away, or how much time after you started were you like, "This is my thing now"?

Marco: Sure. First of all, for me it was not really a choice. I had no choice. I had to make this work because I really didn't want to have to get a normal job with a boss, right? For me, it just had to work. I think it's really ... At the end of 2013, I was starting to sell books. My revenue were about maybe \$1,000 a month at that point. You have to know that I'm living in a part of Europe where it's relatively cheap to live. I'm actually in Eastern Europe at the moment.

At that point, I had enough money to pay all the monthly bills, and for me that's when I said, "Okay, I love to do it, and now it's paying all the bills, so I can definitely continue doing this."

Pat: Love it. The end of 2013 was it.

Marco: Yeah, yeah. Approximately one year after starting.

Pat: That's great. Typically when we hear these success stories on SPI, it takes a year to sometimes two or even three years to find that rhythm, so it's great that you found that really early on. I think part of that is because you didn't have another choice, and that was very similar to me. I got laid off, and I didn't have a plan B. I just had to make it work. What are some tips that you have for everybody out there who wants to start something like you did, and they're just maybe struggling a little bit to really make it work. One or two tips that you have for them.

Marco: Sure. I would say one tip, something that really helped me at the start, as I was quite scared by the money aspect, having no revenue at all at the start, is actually start by building a website around your passion. Also, if money is really your problem, don't hesitate to start with some freelance work. Just look on Upwork and all those similar sites. Just look for simple tasks in the same niche. It will give you ... Immediately you will get some money doing what you love, but also yeah, you will learn more about the niche you want to work on.

That's really what helped me at the start as well. I was doing just little jobs on Upwork, and it allowed me to just continue and to get some money, so at least I could continue building my website.

- Pat: I love it. Were those jobs that you were doing, that freelance work, were they related to the topic of your website, or what were they about specifically?
- Marco: Definitely. It was definitely building basically home automation systems for other people. Yeah.
- Pat: Oh wow, so it was related, which allows you to learn even more, to become more of an authority, to have some practice in the space, and that ultimately helps your blog and your credibility when you're selling your e-books.
- Marco: Exactly. I even got, got inspired from some of those little tasks. I'd aspire to build some system myself, and then feature the systems in some blog tutorials. It's really helped me in those way possible.
- Pat: That's really cool. I think that's a great tip, and Marco thank you again for coming on the show and sharing all this great information. It's going to be really helpful for a lot of people. Where can people find out more about you and what you're up to?
- Marco: Sure. To find more about all those tutorials that I talked about, you can just go on OpenHomeAutomation.net. I also have another website I started recently to speak more about online entrepreneurship, so my own story, how to build websites. I just talked about this on my personal website at MarcoSchwartz.com.
- Pat: MarcoSchwartz.com. Awesome. Sounds good Marco, and of course we'll put all those show notes and the links, or we'll put all the links and resources that we talked about today in the show notes. I'll share what that link is in just a sec. Again Marco, thank you so much for coming on. We appreciate you, and all the best of luck to you.
- Marco: Yes, thanks a lot for having me. It's been a real pleasure. Thanks a lot.
- Pat: You're awesome. All right, I hope you enjoyed that interview with Marco Schwartz, again, from OpenHomeAutomation.net. The show notes and the resources and links to his website and everything else we talked about it available at SmartPassiveIncome.com/Session238.



Once again a huge shout out to all the international listeners out there and every listener, everybody who's made it here to the end of the show. Just thank you so much for your undying support.

We are here in November 2016, and we are coming up to the end of the year. I hope you are hope to reaching all your goals that you had at the beginning of the year. You still have a couple months here, but let's get a move on. I know I'm moving on some stuff too, and I hope it's exciting for you as it is for me too. We've got some great stuff coming up.

Now before I let you go, I also want to thank today's sponsor, which is 99Designs.com, an awesome website you can use especially if you're just starting out, you don't really have a budget to hire that one-on-one designer that you have for all the things that you need to design and all the images for your website and whatnot. I have used 99Designs.com so many times in the past with great success, even recently for some projects too like an infographic to repurpose some content from an old blog post that I had.

Well, how it works is you have a design in your head that you want, but you don't know how to design it well. You put the description of what it is you want up there, style, the format, all that kind of stuff, and different designers from around the world will compete for your favorite design. You get to pick your favorite one, and in seven days you could have a design ready. It could be anything from a logo to a t-shirt design, a website, food truck wrap, anything. Check them out. 99Designs.com/SPI. Again, one more time, that's 99Designs.com/SPI, which will get you \$99 that you can put towards your next design project. How awesome is that?

All right, thank you so much. I appreciate you, and here is to you and all of your success. I look forward to serving you in next week's episode. Until then, keep moving forward, keep pushing the needle, and I'll see you on the blog, podcast, and on SPI TV. Thanks. Cheers.

Announcer: Thanks for listening to the Smart Passive Income Podcast at [www.SmartPassiveIncome.com](http://www.SmartPassiveIncome.com).



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