

## The First RoboAgency Automating Social Media Advertising for SMBs



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**CEOCFO:** *Mr. Hartzman, would you tell us the concept behind Needs?*

**Mr. Hartzman:** The concept is social media advertising is very difficult for SMBs today, so what we have done is automate the process. Just like they have done for wealth management and wealth funds, we are doing the same thing. We are the first RoboAgency for strong businesses in social media advertising in a simple fashion.

**CEOCFO:** *What was the challenge to put together something so seemingly simple?*

**Mr. Hartzman:** The challenge was doing so with something that is so complex. We take the complex view for our users and keeping it in the backend to ensure that we are providing the best results for them. What we do differently from others on the market today is we target not only based on intent which happens on social media but also on people's need at the time of the need. The simplest way I can put it is that when someone on Facebook says, "My tooth hurts what do I do?" We have an understanding that they probably need a dentist and show them an ad for a dentist in real-time.

**CEOCFO:** *How are you able to understand what people are asking for, given that people have many ways of asking for the same thing?*

**Mr. Hartzman:** That is where IP (Intent to Purchase) and our technology comes around. We have put together a great data science team led by a gentleman named Yasser. We built our own classifiers that have 75% to 85% accuracy and are using natural language processing to understand the words and to parse those words apart to see if they have an intention. That is about all we get into but the easiest way to explain it is that we are trying to understand that if someone is having a baby and they talked about that, they probably have a need for a photographer at some point or a crib or someone to paint their room. If we can group those things together and understand and learn from it, we can do a better job in the advertising world.

**CEOCFO:** *How are you reaching out for prospective customers to use your service?*

**Mr. Hartzman:** I'm glad you asked that question. We are using a method called dogfooding – we are using our own technology to find our own users, and that is something we have loved to talk about and is on our blog. More importantly, whenever we find a user that we think is amazing for our system, we show them our own ad on Facebook and Instagram; they come to our site and the first question they ask is if it really works. Our answer to that is that we got them here. The fact that we did get them here and they could see the connection of how it works from A to Z, and it becomes obvious that they should be trying our system as well. That is what has lead to such an unbelievable conversion rate where an average

of converting a free user to a paid user on about 20% average per month as high as 25% last month is pretty incredible; it is three to four times the industry average.

**CEOCFO: Does a customer pick where they want you to help them?**

**Mr. Hartzman:** There are six questions a customer answers when creating a campaign – we have who they are, what they want to sell, and who they want to sell to and, based on their weekly budget, they choose where they want to publish their ads (Is it just Facebook, or Facebook and Instagram?) Once we have that information from them, which takes less than ten minutes to do on our self-serve platform, we create between fifty to five hundred ads for them in real-time and deliver them to the networks. Then we go on to target and optimize their ads for them. It is really a set-it-and-forget-it system where they just have to provide us with the data and we take care of everything else for them, producing long-term profitable and ROI positive ad campaigns for themselves and their business.

**CEOCFO: Does a company supply the ad or do you help them create an ad?**

**Mr. Hartzman:** We create the ads together. When creating a campaign, and answering those six questions, users provide us with the information that allows us to make variations and combinations of ads for them – if they have pictures of, let's say, them baking this amazing wedding cake, they will provide it to us, give us some keywords and a few sample packs that they believe work well and we take that and sell as many ads as we possibly can. We test, optimize and take the emotion out of it. For anyone who needs some help when going through our six questions, our success managers are there and online between 9:00 am and 9:30 pm eastern standard time. We give them a lot of samples on what works and what does not work so they can help us build those ads but we are doing the heavy lifting for them.

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**CEOCFO: Are you measuring when someone clicks on the ad?**

**Mr. Hartzman:** Yes – our users actually have a dashboard that displays all of their stats and metrics, such as their CPC, CTR, Total Clicks, and more. We also allow our users to install a custom pixel, which is just a piece of code that sits on their website that allows us to track if an event, like "Add to Cart" has occurred. That said, we do not do phone tracking, but we do hear a lot of our users come back to us saying, "Things are going great, we see our stats, so I just want to let you know our phones are ringing off the hook." So, although we only currently track online events and metrics, we have some special cool new things happening in our labs and eventually will bring in some call tracking features that will help them understand those things as well.

**CEOCFO: What types of businesses are turning to you and what types would you recommend turn to you?**

**Mr. Hartzman:** There are 65 million small businesses on the Facebook platform in North America – this is from Sheryl Kara Sandberg herself – and only four million of those are advertising today. There is a 61 million gap that we are trying to go after because the status quo options are either do-it-yourself (which is too hard for many and ends up costing too much in the end) or go to a typical digital agency, where cost is way too prohibitive at \$5 thousand upfront and 25% of every dollar that you spend. To get back to your question, the answer is that we are industry agnostic and location agnostic. We do very well across the board and we see a different industry that we do very well in every single day. We have a huge market to get to and we have over 154 different industries currently on our platform of ten thousand page signups. It is an open game for everybody you know. I always answer this question very specifically and say it is very hard for us to tell you an industry that we do not work well for, but I actually found one the other day: underwater welding.

**CEOCFO: What has changed since you started Needs?**

**Mr. Hartzman:** There have been a lot of changes, and we can talk in technology and human capital. However, in the way of our platform, we launched in 2014 as a lead delivery platform where we go out and identify people's needs. So the person who says, "My tooth hurts what we do?" We send that to a dentist and, on a one-off basis, give it to them as a lead. We did not love the product, it did not have as much stickiness as we needed, and accuracy was not as high as we

wanted at that time. As we got better at that over time, we realized that pivoting into a full ad platform and a global agency will provide higher value and better results for our users, as well as for ourselves in the way of revenue per user and the lifetime value of the user. It was an awesome pivot and the right decision. What has changed over time is my co-founders and I have come to really understand who we are and how we can be the best leaders that we possibly can to our team. As we were growing so quickly out the gate, we kind of forgot about the capital on our side – our team. The individuals that we have on our team are equally as important as our users and we work to keep them happy and informed. When you are moving quickly, if you don't think about those things, something falls by the wayside. So, what we have tried to do over the last six to nine months is understand the needs of our internal capital, help them by not imposing a culture upon them, but help them choose the culture that suits best for us as a company and help us grow in. That is a big learning piece that we have come to have.

**CEOCFO: *What do you look for in your people?***

**Mr. Hartzman:** There are two different sides of the team. One is on the engineering side, which includes data science as well as graphic design. For them, we look at the value that they add to the team, what it is that they are bringing that someone else does not have, but more importantly, how can they bring that together to enhance everyone to do a much better job as a group. That is something we are heavily focused on in the HR side of things and hiring process. On our user success side of things, we are looking for people who have an amazing emotional IQ, where they understand the needs and values of our users, how to build a relationship with them and, more importantly, because it is a sales/account manager/customer service role, what we are looking for in hiring is people who have skills that go past those and would help us grow in the future. We are investing in our people to grow them into the roles that we will need as we continue to grow as a company. An example of that is one of our long-standing CSRs, Jennifer. She is actually moved to the role of Director of Communications. She had a very strong communication background in content writing, technical writing, building community, PR outreach and all that good stuff. Because of that, she started in the CSR position, did an amazing job, and now has moved into Director of Communications – which is pretty significant role increase.

**CEOCFO: *At some point might you only take one type of business such as one dentist in a particular location or because there are so many companies it does not make a difference?***

**Mr. Hartzman:** There does not seem to be a rationale for us to do that at this point. It would be the same thing if five dentists in North Carolina joined outside of us. The market dictates the pricing and when we actually have more people in a single area, we know what is happening between them and we can use some methods of up and down bidding which have actually helped dictate better results for them both as a group and individually. It is something that we have looked for and have planned for but we have not seen a need for that as of yet.

**CEOCFO: *What surprised you as the company has grown and evolved?***

**Mr. Hartzman:** Well, this is not a surprise but something that has proven itself out to us – that there is a severe desperation for what we are offering. It is not that we are a disrupting company to the traditional digital agency world but we are filling a desperate need in an area that other people have not played for us, so we are bringing the big boy tools to the "everyday" and "everyone" – and that is what we are really excited about. If we can help these small businesses across North America (and now into Europe, Australia, and Asia and all the other places where we have users), we can actually bring more dollars to the community and help assimilate more jobs. The better job we do for our users, the better we are and the faster we grow here. It is a win/win situation for the both of us, and I find that exciting.

