Filling the Gap Between Idea and Execution

Mary Sigmond   September 15, 2017

At the age of 13, YPO member **Mark McDonald** and his friend, Josiah Humphrey, began selling SEO optimization software to companies in the United States on Craigslist. McDonald was teaching himself to build websites during a time when a lot of companies were looking for such services. Once he began to figure out a strategy to get people to that website, his entrepreneurial career took off.

"It's funny," says McDonald. "Josiah and I began calling ourselves 'entrepreneurs' before we really knew what that meant. We left high school, we wanted to start a company and within six months we pivoted over to emerging technologies."

Fast forward seven years. In 2011, at the age of 19 and with just USD3,000, McDonald and Humphrey co-founded Appster, a leading web and mobile app development company. Now, as Australia's largest app developer, the company employs 350 people across Melbourne, Australia, San Francisco, California, USA, and Gurgaon, India.

"We want more of a global presence and we are really focused on the United States, enjoying the strength of its economy."

Launched as a digital marketing company for businesses, it has quickly become more than just an app development company. Appster is part of the new breed of nimble entrepreneur. They've moved on to the next big thing and are not interested in replicating a competitor's product.

"We are the first ideas company," says McDonald. "We don't want to simply be that company you come to with an idea for an app. We want to be a global hub for turning the best ideas into new technologies first."

It's all about the lightbulb moment

Beyond just making mobile apps, Appster is passionate about lifting stellar ideas off the ground. To reflect this, the company starts by consulting with entrepreneurs as well as larger companies to refine their ideas to create a minimum viable product and test for product-market fit. "People and companies have a hundred ideas, but very likely don't execute," says McDonald. "We think of Appster as really filling the gap between the idea and the execution."

Appster teams help with the development of the idea and begin to work on an investment strategy early-on in the process. "We work in tandem with our clients as advisers in the space they are in and develop a plan to scale up."

The company aims to make products that people go back to and keep using, because 50 percent of apps are abandoned after 24 hours, and after 30 days it's worse — around 90 percent are not used. The company has worked with around 100 startups. "We also help companies find the seed capital, so that Appster can develop the idea into a commercial product," says McDonald.

One notable example of Appster's successes, and one that McDonald is particularly proud of, is the creation of a prototype for a geo-location technology for a company called BlueDot. The technology enables smartphones to trigger actions such as processing

payments, when a user passes by a specific location. The innovation is in the precision where it can identify a user's location as close to five meters (16 feet) without draining the smartphone battery. "We worked on the initial prototype and it is one of the most amazing technologies. We are really proud of our work with BlueDot."

Appster begins each relationship with a new client by spending a couple of days locked in a room together, scoping out the project. This is followed by a "rapid concept workshop" in which the Appster team builds the product strategy and product roadmap for investors or executives at companies who give the go-ahead to the project. They strive to launch a new product every two months, turning it around as fast as 30 days.

The tribal mentality

McDonald firmly believe managers get in the way of innovation and employees should be empowered to self-organize and be held accountable to their own targets through complete transparency. "We stay as lean as possible with few layers of leadership."

Where most companies rely on a hierarchical management structure with departments, Appster instead organizes employees into teams or "tribes," containing a mix of functions. "They operate as a mini company within themselves with their own budget, pace of working, and timelines," explains McDonald. Appster's tribes also brand themselves with names such the Mavericks.

"People in a large company want to know who they are working with and that they can trust each other. It happens organically in a company. Our tribes are designed so groups of people stay together to work their entire career at Appster, building trust and respect with one another." And ultimately, it's Mark's belief, that the autonomy is used to give employees a sense of ownership of the company.

The future of Appster will be in riding the innovation curve. "In 20 years, we don't believe we'll be making apps. We could be building robots. We'll be wherever entrepreneurs want to be," says McDonald. To get to that futurist state, the company created AppsterX where McDonald explains "we work on innovations in that space where we can test out our ideas. Sometimes they work, but most of the time not." He sees a big future in a range of technologies, not just Apps, but wearable technology and hardware. There are opportunities in new payment systems, transport systems and medical solutions.

"We really continue to be excited about what we do. Every year in this industry is like starting again. It's a great industry to be in."

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