



Death by a 1000 Papercuts

April 1, 2008

TSheets' First Customer

Matt Rissell was frustrated. With 3 locations and about 20 employees, time and attendance tracking was becoming a bigger head-ache every day. His employees were using traditional paper time sheets. "It came to the point where my bookkeeper and I were dreading payroll prep", says Rissell. "The whole process was distracting me from working on the business". In addition to issues like consolidation, poor handwriting, and missing paperwork, Rissell knew there was a bigger problem. "I knew people were fudging on their time sheets" says Rissell. "And I knew it was costing me. Not just the dollars, but the productivity". To Rissell, it just came to common sense and control. "I learned a long time ago, if you don't control the little things, they can kill you. It can be compared to person being mortally wounded from a 1000 papercuts ", he says.

As the owner of a printer supply company and a background in business mobile devices, Rissell knew about business technology. He knew that almost every business issue had a technology solution: inventory control, bookkeeping, e-mail, order processing, etc. So Matt set out to find some technology to solve this particular business problem. In his search for a time and attendance, Rissell was disappointed to find a lot of expensive options with a lot of features he didn't need. "I found a lot of software solutions, but they were just way too expensive", Rissell says. "I also didn't want to use the traditional punch-card system" he says. "It was too expensive and didn't solve all of my issues".

Matt then turned to an old friend, Brandon Zehm. Zehm was a rock star in the programming world, with a client list that included the Department of Energy and Meryl Lynch. Matt explained his problem and asked Brandon if this is something he could create a customer application. With a "no problem", Zehm built a simple application that allowed Rissell and his employees to clock-in and out from any PC. "I realized that there were two major problems with existing time-tracking software", said Zehm. "Most required you download software", which Zehm didn't want to do for support and consistency. "An ASP model means that everyone is always on the same version", says Zehm. The second issue was the actual clock-in/out function. "This was the key", said Zehm. "It had to be super simple to use". After several months of programming and testing, Brandon had a time and attendance package ready for Matt to use in his business.

"The results were almost immediate" said Rissell. The biggest impact was on accurately paying for time worked. By accurately capturing clock-ins and clock-outs it saved the

company about ½ hour per day per employee. For a \$10/hour employee, this added up to \$5/day. “The math was obvious”, said Rissell. There were other benefits to accurately logging time. “My employees knew that their time was being tracked” so they began to be more punctual. This also increased productivity – a number that was hard to calculate but immediately felt. “-simply put, the team got more accomplished” said Rissell.

Not long afterward, Rissell sold his business. When looking at other business opportunities, he went back to the application that Zehm had created. “My bookkeeper suggested it first” said Rissell. Knowing the impact it had on his business, Rissell was intrigued. “It had everything I wanted in a business opportunity. It was web-based, simple, and truly helped small business owners”. For Rissell, starting a new company was a matter of principle. “I just felt like making small business owners more profitable was something I had to”, he says.

In April of 2007, Rissell and Zehm launched TSheets. “The original clock-in/out feature is pretty much the same as the custom app I created”, said Zehm. From that point, many additional features were added such as reporting, job codes, Quickbooks interface, and mobile access. “It was critical that we kept the original simplicity” says Rissell. “I didn’t want TSheets to turn into something that I wouldn’t have used”. As customers were added, so were features. “the new features we have added in the past year have been the direct result of customer requests”, say Zehm. This was in keeping with Zehm’s development philosophy of being customer-driven, not feature-driven. “A lot of products have features just because the developer can make them” says Zehm. “We felt that it was critical to keep TSheets very clean and usable”. Pricing was another critical area. “We used a simple formula – what would I have paid for it”, says Rissell. This led to a scalable pricing model based on the number of employees a company has using TSheets. “This puts our starting price at \$9.95/month with no set up fee or contracts”, say Rissell. “That makes TSheets accessible to pretty much anyone!”

Rissell and Zehm were pleased to discover that TSheets’ customers were having the same return-on-investment results as Rissell originally had. “We had one customer tell us that TSheets saved them about \$2500 in a single week” said Rissell. This reflected the trend over the past fifteen years of small business becoming more efficient and profitable through technology. “That was a big reason for selecting the ASP model”, said Rissell. By using a subscriber revenue model, the costs of development were split over 1000s of customers,

The Future

In January of 2008, TSheets began an effort to go global. Armed with a strong management and investor team, TSheets began investing in marketing, staffing, and infrastructure. A big part of this effort was to partner with like-minded companies. “They had to empower small business owners, be web-based, and be affordable”, said Rissell. This led to partnerships with companies like Yugma, a web conferencing application. In addition, dozens of features were fast-tracked for release. “It was just time to take this to the next level” said Rissell. “I was confident that we had a provable business model – and we knew our initial customers loved the product”.

In April of 2008, TSheets announced “Timeclock 2.0” [link to press release] and initiative to create a standard for developing time keeping software for small business owners. At the same time, TSheets also released a free single user version, an upgrade to their time sheet editor called “Time Slider”, and improvements with Paid Time Off (PTO) tracking and reporting.

Slated for release later in '08 is a mobile device widget, multiple languages version, an API for the developer community to add TSheets functionality to other applications. Rissell's enthusiasm is obvious. "I have been telling everyone that this is big. Now the proof is in the pudding!"

About TSheets

TSheets (www.tsheets.com) is a web-based time and attendance program that turns any PC or mobile device into a time clock. Currently, TSheets' customers have over 3000 employees using TSheets. Founded in 2006, TSheets is based in Boise, ID and currently has a staff of eight. For more information, please contact Justin Foster at Tricycle Consulting -justin@thetricycle.com or 208-841-3497.