

## **GEMM CEO Talks About GEMM, Stig Leschly, and Amazon**

*Candid Interview With GEMM CEO About GEMM, Stig Leschly, and Amazon*

**Oct. 9, 2009** - [PRLog](#) -- Interview with GEMM CEO Roger Raffee about GEMM, Stig Leschly, and Amazon

October 8th, 2009 .

Interviewer: I'd like to talk with you today about GEMM and how you got started.

Roger: OK

Interviewer: So, you started back in 1994. That seems like forever ago in internet terms. How did it come about?

Roger: I was a record collector. I used to have garage sales where I'd sell my records. Mostly my extras and stuff I didn't want. After a while I got the inclination to start selling through a magazine called Goldmine. My mother suggested I get a computer so I could keep track of which records I sold, where they were stored, etc. She knew a programmer who had done some work for her business. I contacted him. He wasn't available so he suggested Jim Hall. He told me Jim was the best programmer he knew. So, Jim and I met for lunch. I showed him Goldmine magazine. The magazine charges you by the size of the space you use. So, many sellers were putting their listings in the magazine in tiny print. I said to Jim "you know, I think I have an idea that might be better than this. What if you could put your listings searchable in the computer, and then someone else on another computer somewhere could see what you have for sale, and vice-versa."

About a week later I got a call from Jim. He reminded me of my idea. He said he searched the internet. At the time I had no idea what an "internet" was. I had to ask him what it meant. He said he searched it and couldn't find anything like what I described. He asked if I'd like to go in 50/50 with him on this idea.

Interviewer: When was that?

Roger: That was in March of 1994.

Interviewer: How long did it take for him to get something online?

Roger: In August we were listed as a BBS (bulletin board on telnet). In September we had a searchable database marketplace on the web.

Interviewer: How did you get people to start using it?

Roger: We bought Goldmine magazines and called up every seller listed in the magazine asking them to send us their listings.

Interviewer: You and Jim?

Roger: No, I hired a girl I knew.

Interviewer: Did you get many sellers to send you their listings?

Roger: We created a database of about a thousand Goldmine sellers. We called them all. Most of them didn't even know what the internet was, or barely heard of it. We got one-hundred of them to send us floppy discs and printed lists, which we hand-typed in to our database. Of the hundred only one had AOL email. The rest weren't even online. Those hundred sellers sent us an average of about one-thousand items.

Interviewer: Did you start getting internet browsers coming along, interested in your catalog?

Roger: Yes, and of course, one-hundred percent of them were online, yet only one of our sellers was.

Interviewer: That sounds like it must have been a bit of a problem.

Roger: Yes, I had potential customers emailing me all the time wanting to buy what they saw online. I'd then call the sellers asking them if they wanted to sell. I was spending a fortune in phone bills trying to get the site popular by facilitating sales between the online buyers and the offline sellers. We weren't even charging anything for our service but we were listed as a cool site on Yahoo.

Interviewer: That sounds expensive.

Roger: Yeah, I was going pretty deep in debt.

Interviewer: How did you solve that problem?

Roger: Well, I knew I had to get a shopping cart on the site but taking money for sales from our online customers to send to our off-line sellers proved to be a bit of a conundrum.

Interviewer: Why's that?

Roger: Because you had to get permission from the credit card companies to do so. With the help of our credit card processing company I approached Visa International with my idea for a marketplace and worked with them to develop our internet marketplace. The only reason I was able to do it was because we were the first.

Interviewer: They liked your idea?

Roger: Apparently so..It was pretty exciting.

Interviewer: How did it go from there?

Roger: Slowly. I started out working with just a few sellers for about a year to get it wired, and then we opened up the marketplace to all sellers. After that, it took another year for Jim to automate the check-out so it kept track of which sellers needed to be paid for their sales. The ringing up of sales and keeping track of who needed to be paid was all done by hand for the first couple of years. It was a big hassle and it impeded our growth. Unfortunately, it took me a year to convince Jim that the business was worth his putting his time in to developing an automated version of the business process I had developed. However, once that was done we started to grow pretty quickly.

Interviewer: When was that?

Roger: You mean when Jim finished the automated version of the check-out and payments system? That was in the Fall of 1997. Once that was finished we started to grow pretty fast. About 100% growth each year.

Interviewer: This was before Amazon or Ebay had a marketplace type of business?

Roger: Yes. Ebay was strictly auctions up until around 2004. Amazon started their first marketplace at the end of the summer of 1999. They called it Z-shops at the time.

Interviewer: It seems kind of surprising that Amazon's marketplace is so similar to your marketplace. I thought that you copied Amazon's marketplace but from what you are telling me you guys were first.

Roger: Yes, and in my opinion it's no coincidence that Amazon's marketplace business model is similar to GEMM's . There's some history there.

Interviewer: What do mean?

Roger: It's kind of a long story..

Interviewer: I got a few minutes.

Roger: Well, it started back in 1996. We were a cool site in Yahoo. You remember the Cool Sites? When they'd put your site at the top of search results with shades (sunglasses) around your link?

Interviewer: Yeah, I remember that..

Roger: The check-out payment system I was working on was still in its infancy but we had a searchable database with about 200,000 items by this time and getting a fair amount of traffic.

Interviewer: How much?

Roger: I'm not sure.. probably around one thousand to three thousand unique individuals per day. Not bad at the time. Anyway, a student at Harvard by the name of Stig Leschly contacted Jim. He said he was fascinated with what GEMM was doing. He talked with Jim on the phone. Jim told me about it but I wasn't interested. I was too busy administering the shopping cart and payments, all by myself. Also, I was suspicious of anyone calling Jim asking Jim questions about GEMM.

Interviewer: What about the girl you hired?

Roger: I had to let her go. I was going broke. The shopping cart marketplace started making just enough to keep us in business and pay my minimums on my credit cards but it was a ton of work for me. Jim handled the technical stuff but I did all the administrative stuff by myself.

Interviewer: So, what happened with Stig?

Roger: He came out to visit us. Really he came out to visit Jim. He got the idea that Jim was the brains and brawn behind GEMM because Jim developed the site. He didn't seem to notice or care about the administrative/business side of the site. I remember he took us to dinner and spent the whole time talking with Jim. I don't think he barely said a word to me.

Interviewer: Did he travel far to meet with you?

Roger: Yeah, he came from the east coast. We were here in California. After he left Jim called me up and told me Stig wanted to buy me out for \$20,000, and I could keep 10% of the ongoing business. Jim was really disappointed when I told him no way. I was working my ass off and really believed in what I was developing. Jim didn't have much respect for me.

Read the rest of this interview at:

<http://gemm-ayudahelper.blogspot.com/2009/10/interview-wi...>

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City/Town	La Jolla
State/Province	California
Zip	92038
Country	United States
Industry	<a href="#">Books</a> , <a href="#">Business</a>
Tags	<a href="#">Amazon</a> , <a href="#">John Doerr</a> , <a href="#">Stig Leschly</a> , <a href="#">Music</a> , <a href="#">Books</a> , <a href="#">Corporate Corruption</a> , <a href="#">Fraud</a> , <a href="#">Lps</a> , <a href="#">Records</a> , <a href="#">Cds</a> , <a href="#">Out Of Print Cds</a> , <a href="#">Vinyl</a>
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