

A Fishing Trip Sparks a #1-Ranked App

By Mathew Goldstein and Tim Jones*

We interviewed Kyle Reid, CEO of Open Ocean Apps, to get an in-depth perspective on building a start-up in Toronto. Open Ocean Apps are makers of the Pro Angler series of fishing apps and websites, a series which has been the #1 fishing app in the iTunes Store between 2012-2014.

Tell me about launching your company.

My co-founder Don and I are big fishermen, and we always have been. My background is in technology startups and marketing, and he's a fishing expert who has done over 1000 guided trips in Florida. I ran my own interactive agency, and worked for some of the big banks as well. I was making projects that were making *other* people money, and getting pretty good at it.

We were out fishing one day in Algonquin Park, up in northern Ontario. We looked in the bottom of our canoe. It was full of receipts for fishing resources: books, a map, a lure, a weather radio. We thought that all of this gear could be consolidated.

Don was the subject matter expert and I had the business expertise. So we decided to take the plunge, incorporated in January 2012, and launched the first version of the Pro Angler app, a resource for fishing in Florida, eight months later. The app sold in 31 countries in its first month.

What's the revenue model?

We originally sold the app for \$4.99, and increased the price to \$7.99 when we saw the demand was there. We used those funds to develop the app into something that can support a recurring revenue model.

Now we offer a weekly report, using expert content from trophy-winning fishing captains in all the hot spots in Florida. We exclusively license content from them. Anglers pay a weekly subscription fee to get their tips. They also get access to over 500 tide buoys, so they can tap a button on

their phone and see what the closest tide is and the real-time water-temperature data for that location. So instead of a one-off-purchase, we now have a sustainable business model.

We just launched in Texas, which was a big step for us to test whether we can scale nationwide and then globally into the future. Texas has had great uptake, and we're converting 35% of first time purchasers into subscribers. We're also expanding to freshwater.

Why did you start with saltwater, since freshwater fishing is the majority of the market?

It was important for us to be differentiated right out of the gate, so we decided to be the best at the niche salt water market. We didn't want a minimal viable product of, for example, just uploading fish pictures, or just showing the best times to fish. We really threw the idea of minimal viable product out the window, and went for it. People say if it's going to take you longer than six months to develop an app, it's not worth it, since the market can change out from under you. We ignored that and threw caution to the wind. We took our time to develop, and made something that we could get hundreds of five star reviews with.

It worked. Our customers really love it. We've got over a thousand super-users, people who use the app more than 250 times per month.

Fantastic. How do you reward them?

Some of the partners we license content from also own lure companies, so we'll send out thank-you packages of lures from our captains. We also implemented a new CRM system that will help us track and manage our super-users a little better, and segment our customers. We can do targeted messaging in certain geographic zones. If someone is driving by a bait shop, they can get a coupon for that bait shop. Those sorts of things.

How is your team structured?

We outsourced the development at first, but we've always wanted to have our development in Canada. And not only to have it close, but also to take advantage of the [SR & ED](#) and [Ontario Interactive Digital Media](#) tax credits, which are huge. SR & ED gives you back about 40% of your salaries and Ontario Interactive Digital Media Tax Credit can give you anywhere from \$100,000 to \$300,000, depending on how much you spend. We're wrapping up the investment to bring our team completely in-house, but right now our team is a UX designer, a senior developer, a sales manager/marketer, my partner and myself.

Why did you initially outsource?

When we were bootstrapping the business, we didn't think the scope of the project was going to be worth hiring someone in-house. Turns out, with the amount of funding we raised to get the project off the ground, we probably could have paid someone's salary.

Do you have any concerns about the Canadian ecosystem for startups?

There's a great talent pool in Toronto, so that's not certainly not a problem.

Funding is a challenge. Other than some of the smaller grants through the [Ontario Centre of Excellence](#), many of the sources seem to be outside the core. The [Community Small Business Investment Funds](#) program is great and means that there are significant investment opportunities in rural Ontario, but often those investments can only be made to companies who establish themselves in the rural communities, and if you do that, the talent pool might not be as large. Angel fundraising can be tricky also. We've been in discussions with the different angel networks like

[Angel One](#) and [Maple Leaf Angels](#) and everyone seems to be interested in participating at a smaller level than what we need right now – it takes too much of my time to raise money in very small increments.

In general, it seems that Canadian investors seem to be positioned to be a little more aggressive with companies. It's a buyer's market: he who has the gold makes the rules and there doesn't seem to be that much gold around.

So why stay based in Toronto, when your customers are in Texas and Florida right now?

Well, we're looking to go global with our customer base. We want to get more volume on a freemium model. But being in Toronto and based out of Ryerson's [Digital Media Zone](#) has been great for us. I just participated in the [Next Founders Program](#), a program run by the University of Toronto in collaboration with Harvard, MIT and Wharton. I also just finished doing a four-day session with a Harvard professor on Entrepreneurial Finance and Evaluations. Being part of these programs and having access to these great entrepreneurs drives us and pushes us to do better.

If you could do it all over again, would you do anything differently?

We were slow to start because we weren't 100% sure if our idea would be marketable. In retrospect, we should have been all-in from day one.

As we grow, we come up against new challenges every day. It makes us stronger entrepreneurs. Trial by fire is great, but you also have to go out and find those fires before you can push through them. To succeed, you need to push yourself to make mistakes, and then overcome them.

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