

# ON-AGAIN, OFF-AGAIN \$3K- TO-\$30K FLIP TAKES 6 MONTHS TO CLOSE - WITH JOSHUA REASON



June 26, 2017  
Episode 394



DOMAINSHERPA.COM

MICHAEL CYGER: On today's Profitable Flip show, a new investor turned a \$2,995 domain name purchase into a \$30,000 sale. Nobody else saw this level of value in the domain name. Get ready to learn why.

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MICHAEL: Hey, Sherpa Network. Thank you so much for joining me today. My name is Michael Cyger and I'm the publisher of DomainSherpa.com, the website where you can learn how to become a successful domain name investor or entrepreneur directly from the experts. This is the Domain Sherpa show called Profitable Flips. In this series I invite domain name investors to share all the details of how they bought low and sold high, and in doing so, reveal some of the mystery around domain name investing. Today, I'm pleased to welcome investor, Joshua Reason. Welcome, Josh.

JOSHUA REASON: Hey, good to be here.

MICHAEL: Hey, so let's jump right into it, Josh. What was the domain name that you sold?

JOSHUA: So, it was esoft.com.

MICHAEL: Okay, so just five letters, esoft.com?

JOSHUA: That's right.

MICHAEL: And on what date did you purchase the domain name, esoft.com?

JOSHUA: So, I purchased it in the beginning of November. I believe it was the 2nd.

MICHAEL: November 2nd, 2016?

JOSHUA: That's right.

MICHAEL: All right. And where did you first hear about esoft.com being for sale?

JOSHUA: Yeah, I mean it's an interesting story because it was actually in the appraisal section of NamePros where I spend the majority of my life outside work. So, yeah, it was in that section and that was the first time I saw it.

MICHAEL: So, for anybody that isn't aware of NamePros.com, it's the largest and most popular discussion forum for domain name investors. What happens in the appraisal section? I don't spend a lot of time in there.

JOSHUA: Yeah, so someone who owns a domain maybe they don't know the value of it, they'll post in the forum and it's normally members who've been

there for a little while who are fairly active on the forum that will respond and give their appraisals on the domain name.

MICHAEL: Got it.

JOSHUA: Yeah, it's a pretty active thread. You'll see 10 to 20 new appraisals every day I would say.

MICHAEL: And so you saw a request for an appraisal of esoft.com?

JOSHUA: Yeah, I think it was esoft.com and esoft.net combined, yeah.

MICHAEL: And what was in the appraisal thread?

JOSHUA: So, he made an outline with his thoughts behind it, he gave some background to the company that used it. I believe they used it since 1996, they rebranded to another company called Untangle I believe. So, I think they were looking to get rid of some of the assets of esoft. So, he was basically investing everything that he had including trademarks and that kind of thing. You know, and what he thought the value was for resale and end user I think Name Pros has like a template that they wish for you to fill out before you start the appraisal. So, he filled all of that out to the best of his knowledge and he was just looking for some industry expertise I would say.

MICHAEL: Yeah. So, here's an end user who had developed esoft, I believe he acquired it as part of another business and he wanted to sell it. He knew it had some sort of value but he didn't know much value. And so he posted his threat and what kind of feedback did he get from Name Pro's users?

JOSHUA: So, he actually got quite a lot of feedback and you don't always. You know, people tend to respond to the names that excite them a little bit more.

MICHAEL: Sure.

JOSHUA: So, obviously, in the grand scheme of things this name was probably one of the better names that gets posted on the appraisal section, but a decent amount of people responded. I think I was the first one to respond and I don't think I gave an actual value but I said, you know, "The trademark sounds interesting. Obviously, great name." And then I think most people were saying, "Resell value around kind of \$2,000, \$3,000 and then more to an end user."

MICHAEL: Right, okay. So he got a range of values from what a lot of people wrote XXXX meaning \$1,000 to \$9,999 somewhere in that range?

JOSHUA: Right, right. And then he had a couple of people saying that they saw a lot of the value in the trademark. So, yeah.

MICHAEL: Which is ironic because most people on Name Pros know about domain names, they don't know anything about trademarks.

JOSHUA: Well, yeah, it's a bit of a funny story because...yeah, later on, we can talk about it. But he then tried to sell me the trademark for more than the domain.

MICHAEL: Okay, so basically, the owner of esoft.com and esoft.net got a bunch of feedback from people and then he sort of vanished? He didn't post again?

JOSHUA: Yeah. I actually reached out to him via personal message. I sent him a message afterwards and, you know, I think he responded in the thread and said, "Hey, where's the best place to sell this thing?" You know? And I think I sent him a message I said, "Hey, stick it on Flippa, you'll probably get resale value right there." And he said, "Thank you." And I didn't hear from him again for a little while.

MICHAEL: And so you find the domain name listed for sale. How did you do that?

JOSHUA: So, yeah, I mean I go home every day and spend hours on ExpiredDomains.net. And I think I was scrolling through the Flippa section and I always filter it based on the last 24 hours because I've seen all the other names, all right? So, I only wanna see the new ones that pop up every 24 hours or so. So, I saw that one and I was like, "Light bulb. I remember that name." And it was listed as a buy it now but a website buy it now rather than a domain, which you can see right away how little this guy knew about the industry. He was listing strictly a domain in the website section of Flippa, so.

MICHAEL: But ExpiredDomains.net pulled it in even though it was listed in the website section, not in the domain section?

JOSHUA: Yeah, I believe that changed since but yeah, it was. I looked back at the sale on Flippa and it was listed as a website, so.

MICHAEL: Yeah, probably because he wanted to list both domain names and didn't know how to do it. Who knows?

JOSHUA: Yeah, who knows?

MICHAEL: But that's a great tip to search by the latest 24 hours because, you know, what was it, like two months ago dwn.com sold with a buy it now price on Cdale [SP] and everybody's kicking themselves for not being the one that the, you know, was first to find it when the end user set that price.

JOSHUA: Yeah, 100%. I mean, that's a huge part of the game. I mean there are names that come up and you know, when they do come up, when they're that obvious they are snapped up instantly, instantly. I mean, there's a little bit of luck and be in the right place at the right time but you certainly help yourself out by filtering when you can.

MICHAEL: Yeah. So, you know when you first reached out to me and said, "I just had this fantastic sale, Mike. Here's the domain name, here's the buy

price, here's the sale price." Oh, have I even asked you what sale price was yet? Everybody's probably dying to know what the sale price was. You bought it for \$2,995. So, you saw that... I'm gonna make the audience wait and then I'm gonna tell you the story. So, you saw it with a buy it now price on Flippa for \$2,995. Did you just immediately click the button or did you take a while to think about it?

JOSHUA: I immediately bought it. Yeah, not even a minute. I just clicked it.

MICHAEL: Not even a minute? Okay.

JOSHUA: Yeah.

MICHAEL: So, let's fast forward and then we're gonna backup to this point again. Let's fast forward it. What was the sale price of esoft when you later sold the domain name?

JOSHUA: Yeah, so I eventually sold it for \$30,000.

MICHAEL: Thirty thousand dollars even?

JOSHUA: Yeah.

MICHAEL: Okay, so this is an interesting point because when you first reached out to me and you said you bought it for \$3,000 or \$2,995 and you sold it for \$30,000, I'm chatting with my family and I like to, you know, tell them what's going on. This was a public sale, we're talking about you coming onto Domain Sherpa to tell it. And so, I mention it to my wife and my daughter and I'm like, "What do you think esoft.com sold for?" And they're like, "I don't know, \$100, I don't know, \$500?" And so, it's the kind of name that most people...it's not like a single generic keyword. It's not word that inspires you to do something like fire.com or spirit.com or Ali Zandi's Freedom.com that just sold. So, what I'd like to know is why did you think esoft.com had value when most people including many of those on Name

Pros didn't think that it had a value more than, you know, a few thousand dollars?

JOSHUA: Yeah. That's a really good question. So, first things first, when I see a name and I purchase a name I think to myself, "Would I use this myself if I was starting a business? Would I brand my business esoft?" And for me, the answer's yes. It's memorable, it's short, it's a great name. The other thing is that obviously, brands and businesses starting with E are very popular. You've got eHarmony, you've got Ebay, you've got, you know, E-Trade, the list goes on and on. And then soft is generally it can be used short for software, right? And obviously the software industry is huge. So, at that point, you put those two things together, esoft. For me, at that point, it's a no-brainer. And then on top of that, you know, I type in...I always type the name into Google, right? I wanna see if there are any other companies like it out there etc, etc. And you know, with this name you type it into Google you get pages and pages and pages of companies called esoft and they're using that exact name. And when it's not just esoft they use, you know, there's other names that come after it. Maybe like esoftsystems or esofttechnologies or esoft this or esoft that. So, there's just so many variations where they would benefit from using the word esoft that for me, it was just a no-brainer.

MICHAEL: And so, you nailed it on the head right there, Josh. I think most people at least from reading the reviews on Name Pros and knowing most newer investors in general, unrelated to Name Pros they don't do that kind of research. And when I was chatting with you during the pre-interview and we were chatting about it and I typed it into EstiBot.com it came back as \$8,600 value. And so EstiBot's sort of a black box. You have no idea how it's sort of valuing the domain name, but if you scroll down at the bottom it gives you the exact match monthly searches. And it's 10,000 monthly searches for esoft, just the word esoft a single word. Now, that's a lot of search volume for a domain name. And once you actually know the domain name, didn't you measure how many visitors you were getting per month?



JOSHUA: Yeah, yeah, exactly. And when I did own it and put a little website on it, I was getting 5,000 to 9,000 visits a month. And a lot of that was just typing.

MICHAEL: Yeah, and so people are probably wondering like, "Who's typing in esoft?" And I would recommend that you open up a new tab on your browser right now and go to Google and type in esoft as one word and you'll see eSoft Planner, you'll see esoftsystems.com, you'll see e-soft.com. You'll see eSoft Technologies in India, in Mexico, in Taiwan, you know, the list goes on and on, not only companies that are named esoft but companies that are using longer domain names to describe their company name which includes esoft. So, exactly what you're talking about. If you wanna find a domain name that has value to end users, find the premium domain name, find the shortest version of that domain name in .com that you can, and that's exactly what you did in this case. That's why you thought it had value about \$2,995 when you bought it.

JOSHUA: Absolutely, yeah. I had no doubt in my mind about this one. That's part of the reason when I wanted to use it.

MICHAEL Yeah, and you said you wanted to use it, was your intention to build out a website on esoft?

JOSHUA: So, at this point, I was getting a little bit more serious in the investing of domain names so I needed to open up a business around it or I needed to open an LLC. So, I saw this and I thought, "Great brand. I like it, I want it, I wanna use it." So, my intention was, "Okay, I'm gonna use it. I'm gonna use it to represent my portfolio for a little while at least." And that was it, really. I thought, you know, "I'm not gonna get a much better brand than that right now in my portfolio and maybe something will come along in the future, but as of right now I like that one," and I wanted to use it, so.

MICHAEL: Yeah, and it's a great domain name, you know, so short. People aren't gonna misspell it if you tell them, "Go look at my portfolio, esoft.com." So, I can totally understand why you wanted to use that. I know a lot of

people start investing and they want a domain name that they can show their portfolio of domains to and they pick like a two-word or you know, it's hard to...sometimes it, you know, they pick a longer domain name, basically. So, you had found a shorter one. Let me ask you, why did you feel like you needed to open an LLC when you felt like you wanted to get more into domain name investing?

JOSHUA: For me, it's all about the protection regardless of what I'm doing, I like to be protected. I work with businesses every day in my kind of everyday job and, you know, I can't tell you how much I dislike the idea of being a soul proprietor in business, it's just a scary thing for me. So, yeah, that's the main reason.

MICHAEL: Sure, so when you start an LLC you put the asset, your domain name assets into the business. If something goes wrong and somebody sues you, it's only the assets of the business they can sue for, they can't sue for your personal assets, they can't take your car or your house or things like that.

JOSHUA: Exactly, exactly, 100%. Three years ago for me, that wasn't an issue but now, you know, I gotta be a little bit more conscious of that.

MICHAEL: Exactly. You know, if you're just starting out after college let's say and you don't have any assets then you don't need to really worry about it, right? But what you're saying is when you start to collect assets in life and it is useful to protect your personal assets from your business assets by forming a limited liability company. So, you bought the domain name, you immediately put it under privacy protection which I tell everybody never do that because it just turns people off, but you weren't interested in selling it, you wanted to build a business. So, you did put it under privacy, is that correct, Josh?

JOSHUA: Yeah, I mean I didn't want a bunch of resellers and domain people contacting me, you know?

MICHAEL: Totally.

JOSHUA: If someone wanted the name bad enough they were gonna find a way to get in touch with me which they ultimately did.

MICHAEL: How long did it take and who got in touch with you?

JOSHUA: So, I initially thought that it was a little while like I told you previously, but it turns out I think the first point of contact was about 10 days after. Yeah, not even, on the 11th it was. The 11th of November, 2016, so.

MICHAEL: And who contacted you?

JOSHUA: It was a Sedo broker called, Nadine.

MICHAEL: Awesome. And what did the Sedo broker ask you? What was in the initial correspondence?

JOSHUA: It was basically, "Is this domain for sale?" There was no offer at the beginning. It was just, you know, "Is this domain for sale?" Essentially.

MICHAEL: Yeah, and what did you respond back with?

JOSHUA: I told her that I was currently building out esoft, which I was, it was 100% true and I was planning to launch it later that month, I was putting some time and effort into it. I think I filed the LLC at that point, you know, I really had in my head, "Hey, I love this name, I wanna use it." So, I said, "I'm sure you can appreciate I'm just not looking to sell it. However, feel free to send me an offer." So.

MICHAEL: And did she respond back with an offer?

JOSHUA: She did. Oh, yeah, she did. She said, "The client is willing to give you €8,000 for the name, €10,000 if you do the deal this week."

MICHAEL: Oh, interesting. So, €10,000 that's a lot of money.

JOSHUA: Yeah, and that response was I believe the same day I think I got that response back.

MICHAEL: Wow, so they were pretty quick to respond, it sounds like they wanted the domain. So, what's interesting is that when domains change WHOIS. Sometimes people are monitoring them or typing them in every once in a while and they probably saw the website of the old company and they're like, "Oh, they're never gonna sell it." But then when it didn't resolve or change in some way, they're like, "Oh, we should try to buy this domain name." So they likely contacted esoft whoever was buying it to...

JOSHUA: That must be it. I can't imagine that it was just pure coincidence that they reached out right after, so that must be it.

MICHAEL: So, €10,000 is a nice little profit for two weeks after buying it. Why didn't you accept it?

JOSHUA: I remember kind of...I think I told my wife, "Do you remember that domain I told you about the one that I was, you know, I really liked and I wanted to kind of build the business around and whatnot?" She was like, "Yeah, yeah." I said, "Well, someone just offered me €10,000 for it right off the bat." And she was like, "Wow, you should take it." And I told her, "No, I'm not ready. I'm not ready to take it. It's too early. I think that it's a great name and I think that it's worth a lot more than that." So I essentially said, "No."

MICHAEL: So, you wrote back and you're like... And did you say, "No."? Or did you say, "No thank you."? Or did you say, "That's not enough."? How did you phrase that, Josh?

JOSHUA: So, I said, "For several reasons, I couldn't possibly sell this name for €8,000. And I actually said, "I think soft.com sold for close to \$400,000."

MICHAEL: Wow.

JOSHUA: And the reason why I said that I know that soft.com is a way bigger name, right? It's four-letter it's one word, I get that. But I still think that in branding purposes when you put the E in front of soft it's a great, great name. So, you know, I strongly believed that it was worth a lot more than that. I said that with my current plans I wouldn't consider a five-figure offer even, and that was it.

MICHAEL: Wow. So, in other words, you were looking for over \$100,000 for the sale?

JOSHUA: Right, right.

MICHAEL: And how did they respond to that?

JOSHUA: She came back and I think... Oh, she said, "I'm gonna go and talk to my client and get back to you." So, she didn't immediately say no which was, you know, interesting.

MICHAEL: Yeah, and then what happened next?

JOSHUA: So, she then didn't get back to me for a little while. It had been a few days and I was wondering what was going on. And then I heard from another Sedo broker who apparently the other one was away for a little while so another Sedo broker contacted me and said, "Hey, this person so and so is not in the office, blah, blah, blah. But I talked to our client and they only have a four-figure budget for this domain.

MICHAEL: Even though they just offered you five figures for the domain name now he's coming back, the new broker at Sedo is coming back and saying they only can offer you four figures?

JOSHUA: Yeah, it's unbelievable and that was obviously...it's kind of funny because like they said, €10,000 if it closes this week. So, then they get back to me freaking two weeks later and then, "Sorry, it's only a four-figure budget." And I was just like, "Okay, see you later."

MICHAEL: Yeah, is that what you said? You said, "Thanks but no thanks."?

JOSHUA: I just said, "Thanks for getting back to me."

MICHAEL: And that's it?

JOSHUA: Then that was it. That was it.

MICHAEL: And so what date was that?

JOSHUA: That was on the 16th. No, sorry, sorry, sorry, 26th.

MICHAEL: November 26th?

JOSHUA: Right.

MICHAEL: And so, what happened after that? You must have been pretty deflated, right?

JOSHUA: No.

MICHAEL: Were you thinking at that point that like, "I shot too high. They offered me €10,000, I came back at \$100,000. I should've just come up to like \$20,000, \$30,000."?

JOSHUA: So, at that point in time, no, I didn't, I was okay with it because... I mean, I really was excited about this name. I mean, I'll say this. We talked about the sale price being \$30,000, I think that the buyer got a great deal because I strongly believe that the name is worth more than that. I mean, I've seen very similar kind of names sell for a lot more.

MICHAEL: Oh yeah, \$40,000, \$50,000, \$70,000, \$80,000, sure.

JOSHUA: Exactly, exactly. So, I really believed they got a good deal and, you know, I loved the name and I was really looking to use it. So, you know, €10,000 is not a life changer by any means and it wasn't a big problem for me walking away.

MICHAEL: All right, so you weren't heart broken, you were gonna use it. So, what happened after November 26th? How did the deal get reinitiated?

JOSHUA: It was actually me. So, I reached out January 15th and I just said...and I reached out to the first Sedo broker that contacted me, not the other one, not the one that gave me the bad news.

MICHAEL: You chatted to the one with the good news, not the bad news.

JOSHUA: Exactly, exactly. And I just said, "Hey, is your client still interested in acquiring the name?" And yeah, left it at that.

MICHAEL: Why'd you have a change of heart?

JOSHUA: I didn't really believe that was the largest offer that they could give. I just believed that they weren't going to pay six figures at that point but I knew that there was a lot more in the tank than €10,000 so I wanted to find out what it was.

MICHAEL: And so you reached back out to the original Sedo broker, and what did she say?

JOSHUA: She said, "Thank you for your message, I will inform our client and let you know as soon as I have an answer for you." So then that was... She got back to me the same day and then I didn't hear from her for about a week and she came back and she said, "Our client would be happy to increase his budget to \$25,000."

MICHAEL: So, what did you think when you got that email?

JOSHUA: It was a bit of a strangely worded email for a broker I thought to say, "Happy to increase our budget to \$25,000." It just sounded so nonchalant like, "\$25,000 no big deal, what do you think of that?"

MICHAEL: And especially after the information that the previous Sedo broker provided to you that like they don't wanna pay more than four figures for the domain name.

JOSHUA: Yeah, and they switched to U.S. dollars now, they weren't in euros anymore. I don't know why. Maybe they were trying to nickel and dime on that aspect hoping the euro got strong.

MICHAEL: And so, \$25,000 you're probably thinking, "That's sounding better. Now, we can start the negotiation."

JOSHUA: Yes, yes.

MICHAEL: So, how did you respond to that?

JOSHUA: Well, the way I responded to that might be a little bit surprising. So, I then said... I didn't get back to her until the 28th so, you know, five days later or so because I was thinking about it, I was mulling it over. I think I finished my website and actually, I think I had someone make some alternations to it and I kind of liked how it looked, I was kinda happy. I think I just may have



just made a sale as well, so I was feeling okay. So, I responded and said, "Unfortunately, the domain is no longer for sale." Yeah.

MICHAEL: You're just a tease, Josh.

JOSHUA: I know, that was a bit bad, I've gotta admit.

MICHAEL: So, what did the Sedo broker respond when you said, "I'm sorry, it's no longer for sale," a week later?

JOSHUA: So, she got back to me a couple of days after and said, "Thanks for letting me know. I informed my client. So, can I close this request or would there still be a chance in acquiring the name if possible?" So, that was interesting again, right? Because...

MICHAEL: Yeah, she leaves the door open and you can then, you know, confirm or deny it.

JOSHUA: Yeah, so I've gotta be honest at this point I'm thinking, "Okay, \$25,000." I'm thinking at this point I can get them \$50,000, \$60,000. I just got that vibe that they were leaning in as I was leaning back, right? So, I felt pretty good about things at that point. But I didn't respond to that email and then I got a follow-up email from her about a week and a half to two weeks later saying, "I would like to remind you of my email below. Please let me know if there is still any chance to close a deal for this domain."

MICHAEL Props to the broker for following up, right? Because if she didn't follow-up you would've let it die and like a deal wouldn't have happened. But she followed up, so what happened? What did you respond back with?

JOSHUA: I basically said, "Hi, Nadine, I'll let you know if anything changes."

MICHAEL: Okay, so that's at the end of January. And then what happened next?

JOSHUA: That was actually at... Let me see. That was actually February 7th.

MICHAEL: February 7th, 2017? Okay.

JOSHUA: Yeah, yeah, yeah. So, then there was no communication until let's see here, March 28th.

MICHAEL: Who reached out?

JOSHUA: I reached out. I said, "Hi, Nadine, did you get my last email?"

MICHAEL: What?

JOSHUA: There was no last email but I wanted to get the conversation started again like, you know, give off the impression she might have missed something. So, she said, "No, I didn't get any email." And I said, "Oh, well, you know, we've got something coming up and we might be interested in selling the name if your client can raise his offer to the absolute best he can do."

MICHAEL: Okay, and did she respond back to that?

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JOSHUA: So, she said, "No, I didn't get any email." And I said, "Oh, well, you know, we've got something coming up and we might be interested in selling the name if your client can raise his offer to the absolute best he can do."

MICHAEL: Okay, and did she respond back to that?

JOSHUA: She said, "Hi, Josh, thank you for the information. I will talk to my client and find out if he's still interested and if so, what his offer would be."

MICHAEL: Yeah, okay, and then she came back and said what was the offer, the best and final offer?

JOSHUA: Yeah, so I didn't hear from her until let's see... Oh, I didn't hear from her at all. Here the other broker who comes back in.

MICHAEL: Seriously?

JOSHUA: I swear.

MICHAEL: It's like good cop, bad cop.

JOSHUA: I know. I'm not sure why. I don't know if he's like the closer or something, I'm not sure how it works but he came in and he said, "Our client is offering \$30,000 for the domain. In addition, he's gonna cover the Sedo

fee. Please let me know if the offer is acceptable for you. Otherwise, my client has chosen an alternative domain, best regards."

MICHAEL: Oh, playing hardball.

JOSHUA: Yeah, yeah.

MICHAEL: So, what did you do?

JOSHUA: So, at that point, I was like, "Okay..." By the way, now I'm rethinking it I can see why this guy came in and wrote that email because he certainly was playing hardball. So, I thought to myself and I was like, you know, "How long is it gonna be until I get another offer like that? Am I that attached to the name?" In hindsight, not really, you know? I'll probably...I've actually got my eye on something right now. I'll probably file a DBA and just use that name moving forward, something that hopefully, I'm not gonna get a huge offer from right off the bat, but who knows? I decided yeah, you know, "Let's take the \$30,000 and reinvest."

MICHAEL: So, you were basically thinking that the money could be put to better use in other domain names? You can buy domain names that are lower in value and then turn around and do a higher return on it?

JOSHUA: Sure, yeah. I mean, there's a lot that I think I could probably do. I could probably get two very good names for that.

MICHAEL: Yeah, two very good names. And so a DBA is Doing Business As, so if you bought, you know, JoshsDomains.com you could run a doing business as Josh's Domains and then LLC will still be the LLC that you originally had under esoft?

JOSHUA: Exactly, exactly.

MICHAEL: Yeah, and so the deal almost fell through, right, Josh? What happened?

JOSHUA: Yeah, it did, it did. So, obviously, as I said per my last email he clearly said, "We're offering \$30,000 in addition to that, he's gonna be covering the Sedo fees." And I was like, "Well obviously he's come to me. I didn't hire this broker, I would've preferred if the client just came straight to me." In fact, I was very frustrated that I didn't know who the buyer was. I had an idea but I didn't know. So, then I said, "Okay, let's move forward." Essentially. I didn't try to negotiate anymore. I said, "Okay, that's fine. We can move forward with \$30,000 but that is the baseline, essentially, that is the baseline. I'm not taking a cent less than \$30,000 so I need to net that amount." I specifically said it. And then he said, "Okay, thank you. We'll get back to you once the agreement is signed." Because he needed to get the signed purchase agreement from the buyer. So, you know, at that point, that was at the beginning of April. I then didn't hear from him for about a week. And I was thinking to myself, "This is a little strange. They've just gotta sign the agreement. This should be the quick part, we've done the long part." Right?

MICHAEL: Right, exactly.

JOSHUA: So, essentially, he then reached back out to me and said, "Hey, sorry for the confusion, but the buyer is only willing to pay \$30,000 exactly and that doesn't cover the Sedo fees." And I was just thinking to myself, "Why are you telling? This isn't my problem. This is not my problem, this is your problem." "You offered me \$30,000, I said yes, \$30,000, that's what I need to net." So, I said, "No, go back and fix this." Essentially. And he came back and he said, "Sorry, my client is only willing to do \$30,000. Let me know if that works. It would net you \$26,000 or something." So, I was pretty angry.

MICHAEL: Yeah. In the course of like this week you're at the high, highs and low, lows, right? You got the high, highs like, "I just sold a \$3,000 domain name for \$30,000." And now you got these low lows like, "Why are they trying

to screw me? Are they trying to take advantage of me? Why are they taking \$4,000 out of my pocket when they should be paying it?"

JOSHUA: Yeah, I mean I think from the time that I've spent in the industry it's a known thing that when the buyer approaches the seller it's the buyer that tends to pay the fees.

MICHAEL: Well, and you have in writing in the prior email that it's \$30,000 and the buyer will pay the Sedo fee.

JOSHUA: Right, right. You know, I'm a pretty stubborn guy, to be honest, I gotta say. And I was ready to say, "Okay, we're done." But I kind of... So I think I emailed him and said, "No, absolutely not. You know, \$26,000, I'm not taking a \$4,000 reduction on a price we already agreed on." Basically said, "No, you can kick rocks."

MICHAEL: And what did he come back and say?

JOSHUA: He didn't get a chance to respond because after about an hour later after I kind of cooled down a little bit I thought to myself I said, "This has gone on long enough. What I'm gonna do is I'm going to email him back and say, "I will meet you." No, what I actually said is, "I will cover \$1,000 of the fees for this buyer and net myself \$29,000." Let me know if that will work." So, I applied to the previous email that I sent and said that to him. Yeah, and then essentially he came back to me in the morning and said, "Josh, I'll let the buyer know. I'll let you know as soon as possible." So, yeah. Oh, he said, "Thanks for your offer." I was like, "Wow."

MICHAEL: That's strange. No like, "Thanks for being reasonable," or, "Thanks for working with me on this," or, "Sorry for the miscommunication when I said the buyer would pay the Sedo fee."

JOSHUA: Yeah. No, it was terrible and yeah, like I said, I really wish I could've known who the buyer was so I could've just reached out to him and said,

"Hey, I don't know why we're messing around with this guy. Let's not pay any fees at all." And you know, I would never wanna do that because most brokers are very, very respectable. I've worked with a lot of brokers, you know, I've brokered a couple of names myself before. There's certain do's and don'ts and for me, that was poorly handled but you know, it is what it is.

MICHAEL: Yeah, and you're in sales for your profession so you understand the way sales should be and communication's important, so I completely understand.

JOSHUA: One hundred percent.

MICHAEL: So, how long did it take for the Sedo broker to get back to you on your offer to cover \$1,000 of the Sedo fees?

JOSHUA: It took about a week. Yeah, it took about a week.

MICHAEL: I don't know about you, but when I got a deal like closing, a week is an eternity.

JOSHUA: I mean, in my sales career that's like getting the documents in, having the deal wrapped up and waiting for a deal to, you know, happen. It feels like an eternity. I mean, I go frantic with that kind of thing. I'm a control freak in that aspect. But yeah, 100%. A week was a long time. I mean, I was asking him for updates. I was saying, "Hey, is there an update?" And he actually got back to me and he said, "No, I haven't heard back from them yet."

MICHAEL: I can understand that if they're a large company they're moving slowly, they have other things they're doing, running business on a daily basis. Maybe it requires the CEO to sign off and they can't get access until a certain day of the week or whathaveyou. So, when he finally did get back to you, was it just like, "Yes, they've agreed to that." Or what did they say?

JOSHUA: Yeah, he said... Okay, so he came back to me and he said, "The buyer got back to me, he's very sorry about being late. It was the Easter holidays." So, that was understandable. At that point, you know, I think I took that into account as well. And he came back and he said, "The buyer is willing to share the Sedo fee." So, split it half and half.

MICHAEL: So, you had to come up another \$1,000?

JOSHUA: Yeah, essentially. By the way, the Sedo fee was not small, it was actually 15%.

MICHAEL: Wow.

JOSHUA: Yeah, it was actually 15% so they charged him a fair amount, to be honest. I would say a standard broker fee for that kind of thing is probably 10%, so I don't know if they maybe could've negotiated a little better on their end. They negotiated pretty well with me but not with the Sedo broker I guess.

MICHAEL: So, does that mean that you paid... So, 15% of \$30,000, does that mean you kicked in 15% of that \$30,000?

JOSHUA: 7.5%. So, I ended up getting \$27,750.

MICHAEL: Gotcha. All right, so \$27,750 is what you netted on the \$30,000 sales price. And did you Sedo [inaudible 00:39:41] grow as the transactional vehicle?

JOSHUA: Yeah, yeah.

MICHAEL: And that went okay, I hope.



JOSHUA: Yeah, actually from that point which was the 27th, it all got done in a matter of days. I think two or three days. From there until the money was in my account, so.

MICHAEL: Awesome. So, it sounds like you closed and the money was in your account in early May?

JOSHUA: Yeah, yeah. And I think it was 1st of May maybe, something like that, yeah.

MICHAEL: Yeah, that is a really long negotiation process, Josh. November 2nd to May 1st.

JOSHUA: Yeah, probably how long it took us to talk about it. Yeah, it's crazy.

MICHAEL: That is crazy. Hey, so let me back up. When you made the purchase of esoft.com and esoft.net off of Flippa, you communicated with the seller and he either offered to sell you the trademark or you requested to potentially buy it. Oftentimes, that is a great idea to buy the trademark with it if you're gonna continue in that area, like if it was software development or if it was advertising, it all depends on the industrial class. What happened when you inquired about buying it?

JOSHUA: So, they actually offered it to me after the sale. So, the transaction wrapped up, I got esoft.com and esoft.net in my account and then they reached out to me and said, "Hey, are you interested in acquiring the trademark?" And I said, "How much?" You know, "If you're gonna give it to me for a couple of bucks, sure." Right? But no, they asked for \$10,000. And I thought to myself, "That's crazy, of course not. I'm not giving you \$10,000 for that. I'm not really planning to build a business similar to that so it makes no sense. It would have zero value to me."

MICHAEL: Yeah. And did you end up filing your own trademark after that?

JOSHUA: I did. I think it cost maybe like \$100 bucks to file a trademark. So, for a couple of reasons I said to myself, "You know, probably wouldn't be a bad idea." I consulted a couple of people to file my own trademark for this. Just because I thought it was that good of a name. I was very sure that people were gonna come and be interested in getting it, and I wanted to make sure that they were coming with the right state of mind.

MICHAEL: Exactly, because you don't want to... If they came to you and asked you to buy it and you said, "No." Or you threw out a price, you don't want them to off, you know, without any data and say, "Oh, he's trying to steal my mark." Or whatever because you're operating as a domain name brokerage, you have no bad faith in why you bought it and how you were gonna use it and so you wanted to just protect your rights to that domain name.

JOSHUA: Exactly, 100%.

MICHAEL: And so, why do you think the buyer of esoft.com, the one that used the Sedo broker, why do you think they didn't ask you about esoft.net?

JOSHUA: That is a really good question. So, it says a lot about the .net market right now unfortunately. I did just sell a .net a couple of days ago so they do sell, just people want the .com. I think it's essentially the only thing that matters. So, you know, I did say that I had the .net and they completely disregarded it. So, you know, I can understand why. It's not like a generic word where you would want specifically probably to have it if you could. You know, in some ways I think it does make sense.

MICHAEL: Yeah, totally. So, you netted \$27,750. Clearly, you're gonna pay some taxes on that, but that leaves a lot of money in the bank. Did you splurge on yourself? Did you use any of the profits to buy yourself something special?

JOSHUA: No. I mean, 100% of it will go back into investments. Yeah, it hasn't all gone into anything yet, but it will when the right names come along. So,

it's...yeah, for me I don't see any other path to grow my business other than reinvesting and reinvesting and reinvesting. You know, it's been going well for me so I don't see any downside to that.

MICHAEL: Nice, so you invest in a domain name, it returns this much profits then you put it back into more domain names, it returns this much profits so you're just gonna keep on growing and growing the nest egg?

JOSHUA: Right, right. It's just like anything, really. Even if it was a trucking company, right? You start with this, you make some profit off of the truck, you buy another truck, you buy another truck, you buy another truck, and then suddenly you've got, you know, \$1 million, \$2 million trucking business. It's the same as everything.

MICHAEL: Yeah. Considering all the domain name purchases and sales you've made, Josh, to date, are you in the black or are you in the red still? What would you say?

JOSHUA: I'm in the black now. It would not have been the case in my first year when I was doing it, not even close, just wasting money. But yeah, I only started doing PNL's this year. So, prior to that my tracking wasn't great. I mean, I have an idea but there's no exact numbers. Now, I have, you know, now I'm doing a PNL which is a pain every month so I'm tracking it pretty good now.

MICHAEL: Good for you looking at your profit and loss on a monthly basis so you know what you're spending and what you're getting in and where your assets are. What types of domain names are you investing in today, typically? Are you investing more into the brandables like esoft that a lot of companies use or? What would you say?

JOSHUA: Yeah, I strongly encourage diversification within .com. So, for me, 99.9% probably of my portfolio is .com. I do like .net but just every strong one-word .nets. You know, I don't know why they're not doing that well to be

honest, I don't have all the answers but they're really not doing that well. So, I have a couple but everything is .com for me. I have a significant amount of four-letter .coms, probably have 75 to 100 and then I have...well, I don't anymore but I had a couple of three-letter .coms and then I tried to get, you know, the two-word .coms, I like two-word .coms a lot. And then obviously, I do go for some of the better brandables. Typically ones that are gonna cost you a little bit more, maybe a couple of hundred bucks rather than the ones that you can get in closeouts for \$10, \$11 which I do still buy, but yeah, I'm trying to diversify across the board, really.

MICHAEL: Gotcha. And what are some of your favorite domain names right now that you own?

JOSHUA: So, I've got a...I'm actually auctioning off one of my favorites right now. I've got Cyber Experts is one, it's about to be sold on Flippa, it's already hit its reserve.

MICHAEL: Nice. What's it at right now? I was watching it but I can't remember what it's at.

JOSHUA: I think it's at \$3,000 right now.

MICHAEL: Wow, and so that is gonna close by the time this show airs. What did you pay for CyberExperts.com?

JOSHUA: Paid \$450 bucks a couple of weeks ago maybe.

MICHAEL: Wow. That's a good sale on Flippa for \$3,000 and maybe it'll go even higher in the final hours.

JOSHUA: Yeah. I already had a buy it now offer for \$3,800 but I think it's gonna go for more. But yeah, it's good. I think I bought it a month ago, so.

MICHAEL: And is Cyber Experts like like esoft, there are a lot of companies named Cyber Experts or is it just a brandable that you know, a couple of companies are using?

JOSHUA: There's a couple of companies that have cyber and experts in their domain and in there business name, but not an awful lot. I think there's a lot of news and media around the term Cyber Experts which is I mean obvious, especially with that, you know, there was that attack, that cyber attack, that big one a couple of days ago, so those kinds of things helped when people see the term and they hear the term and then they see the domain, you know, there's a light bulb and they say, "Wow, this is a real term." Right?

MICHAEL: Nice. And you also just bought a three-letter on Flippa. So, you seem to be doing a lot of business on Flippa either buying domains or selling domains. You bought vxe.com for \$15,000. And what did you sell that one for?

JOSHUA: I bought that one for \$15,000 and I sold it for Flippa for \$20,000. And that was a couple of days ago.

MICHAEL: So, \$5,000 gross profit in how long?

JOSHUA: That one was about a month or two, a month or two, yeah.

MICHAEL: So, not an enormous ROI but a good amount of cash came in two months on an APR or APY basis, that's pretty darn good. How did you know the floor was around \$15,000 that you were buying at a really good floor price?

JOSHUA: Yeah. So, prior to the sell of dwn.com I looked through, you know, the most recent 10 pages or so of NameBio and I saw that there wasn't a single name that sold for less than \$15,000 for three-letter .coms. And I think it had...those 10 pages at least but I think it was like a year and a half.

Obviously, the prices were very high in late 2015 and 2016, but you know, I knew that \$15,000 was an absolute bargain for it, so.

MICHAEL: Yeah, and where did you pick that one up?

JOSHUA: Someone contacted me on Name Pros. I had a domain requested want to buy thread that I created and said, you know, I was looking for three-letter .coms, "If you're looking to sell one, shoot the price over to me and I'll let you know if I'll buy it." And someone came to me and they said, you know, "VXE, \$16,000." And I said, "I'll give you \$15,000 for it right now." And it was done literally like that.

MICHAEL: Love it. And so just to arbitrage between buying it from another wholesaler and selling it on Flippa which was likely another investor....

JOSHUA: Probably.

MICHAEL: For a company that has initials of VXE to find it on Flippa and buy it is not very likely. And so, \$5,000 just by doing arbitrage between two different platforms and great job, you know, reaching out, I think a lot of people don't realize that you can post on to NamePros.com and ask for certain types of domain names, especially liquid ones like the one you were looking for if you have the cash to put into it.

JOSHUA: Yeah, yeah. I think a lot of people it's important to know that you know, not every sale is gonna be an end user sale, right? A lot of the time it's buy smart and sell it to someone else who had the same kind of thought as you initially, but maybe you could just sell it that little bit much better, you know? So, it's a case of I would say most sales go to resellers most of the time for people in the industry, so.

MICHAEL: Awesome, Josh. Some great sales here. A very nice profitable flip that the negotiation that would never end. On again, off again, on again, off

again. If somebody wants to take a look at your current portfolio, where can they go to take a look at that?

JOSHUA: So, as of right now it's my old website it's sitting on esoft.net. So, yeah, and if anyone wants to contact me it's contact@esoft.net. But that will soon change. I've got my eye on something right now that's on NameJet and I think we're gonna do something with that, so.

MICHAEL: All right, so go over to esoft.net if you wanna take a look at Josh's domains. And if that doesn't resolve or if you don't see domains then come back to the DomainSherpa.com website, type in Joshua Reason and I will update his bio to his current website so that you can find that. If you have questions that I didn't ask, that you're wondering that if Josh can answer, post them in the comments below the video on Domain Sherpa and I'll ask Josh to come back and answer as many as he can. If you found education benefit from this show, learned something new or were simply inspired by Josh and this sale, something he said, you know, gave you one additional tactic that you can put in your toolbox and use later, please take 10 seconds to either post a comment below this video or click the tweet button and thank Joshua. I'm gonna be the first to do so. Joshua Reason, thanks for coming on Domain Sherpa show sharing all the details of your fantastic profitable flip, and thanks for being a Domain Sherpa for others.

JOSHUA: Thank you very much, Michael. I appreciate you having me.

MICHAEL: Thank you all for watching, we'll see you next time.