

Evernote software company plans new studio, aggressive hiring in Austin

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Evernote Corp., a Mountain View., Calif. - based company that makes note-capturing applications on a variety of platforms, is aggressively expanding starting with Austin.

The company told the American-Statesman that it will announce today its first major expansion with a new Austin office to open soon and the hiring of at least a dozen employees by the end of the year.

Evernote, which has just under 100 employees, plans to hire 500 more over the next two years, with about half of those new hires in the Austin office, the company's chief executive officer said.

"We've been really expanding like crazy at Evernote, adding four or five people a week for the last couple of months," said Phil Libin, Evernote's CEO. "We started this year with about 45 people total. We're going to end the year with about 130. The plan is to do it again next year."

Evernote's business is an application that allows users to jot down notes, take photos or import information from websites and other applications and to keep those bits of data organized and searchable from practically any Internet-connected device.

The software is available for PCs, Macs and a variety of smartphone and tablet operating systems. The personal productivity software is free, but users can pay \$5 a month (or \$45 a year) for a premium service that offers perks such as additional features and the ability to upload larger data files.

The company has about 11 million users.

Two weeks ago, the company acquired Skitch, a Mac-based photo editing and sharing application, and hired its Australian-based developers to help develop the app for other platforms.

Much of that development will happen in Austin with new software and mobile developer hires. Other new products that complement Evernote will be produced in Austin as well, Libin said.

For Libin, it's a bit of a homecoming. His Internet software development company Engine 5 was acquired by Austin's Vignette Corp., and Libin worked there for about two years. He's been trying to find a way to get back since he left in 2001, he said.

"Austin was my top choice," Libin said. "I worked in Austin for a couple of years and just fell in love with the scene and the culture and the food. I've been looking for an excuse to get back to Austin. I'm psyched for it."

The Austin office will be headed by Rich Warwick, an Austin startup veteran who worked with Libin at Vignette.

"I recognized quickly how brilliant he was," said Warwick, Evernote's vice president and general manager, Austin products. "He was one of my trusted advisers at Vignette, and I'm very happy about working with him again."

Warwick is in the process of finalizing an office site, which he says will be within four miles of the Arboretum area. It will also need lots of room for expansion, he said. He'll be hiring employees to develop Skitch for Windows and Apple iOS devices and for other Mac and Android software development.

"It'll be an opportunity to get on board and be on that early core team," he said. "It's an amazing opportunity for engineers here in Austin."

With virtually no marketing or advertising, the company has been able to use the "freemium" model to convert a high percentage of its users into paid subscribers. Many freemium companies survive on 1 to 10 percent of their users signing up for paid services. Over time, Evernote says, as many as 20-25 percent of those who download its applications eventually pay for the premium service.

The company has said in interviews that it's been profitable for more than 2½ years and has been meeting its revenue targets. Libin said he believes the market for free tools that help people capture personal memories and important information on the go is practically limitless.

Last October, the company raised \$20 million in series C funding from Sequoia Capital and other venture capital companies and in July announced another \$50 million in funding for expansion and acquisitions. At that time, Sequoia partner Roelof Botha joined Evernote's board.

Sequoia has invested in Evernote because of the company's continually improving software, its management team and its unusual financial performance and adoption, Botha said. Sequoia also invests in Dropbox, a cloud-based data storage service for consumers that's in the software-as-a-service space.

"Productivity tools' doesn't do these companies justice," Botha said. "These services are getting better and work across all your devices."

With Evernote, he said, the rate of users switching to paid accounts has been consistent, and the company has gone from about 10,000 to 15,000 new users a day to more than 40,000 a day.

"We've been very pleasantly surprised," Botha said. "Engagement and adoption has been better than we predicted or expected. It's actually increasing over time, and that's something I've never seen."

Michael Gartenberg, a research director at Gartner Inc. who follows Evernote, said he's not surprised by the aggressive hiring or the company's Austin plans.

"I think they really hit their stride recently by being able to tap into this trend of this post-PC world of consumers and business users with multiple devices and the ability to flow information from device to device, from screen to screen and location to location," Gartenberg said. "The market they're in is expanding rather rapidly in and of itself. A lot of it has to do with not only being in the right place at the right time, but knowing (that) and capitalizing and taking advantage of it."

Courtesy of JB Goodwin