

Netflix Is Mailing Out Its Last DVD Today. I Got the Very First One 25 Years Ago.



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This is an exciting but bittersweet day for me. Netflix will be mailing out the very last DVDs in their DVD-by-mail service. As some of you may know – and I know some of you haven't the slightest idea – in the beginning, Netflix was not a streaming company. If you wanted a movie, we mailed it to you. It was a DVD rental-by-mail business for nine years before we finally actually did the first streaming. And so it's amazing to me that the mail service has lasted 25 years. When we started, Reed Hastings and I envisioned that the DVD-by-mail business could limp along for five or six years – long enough to maybe give a jumpstart to the inevitable streaming service. But wow, something resonated with people. Netflix, at

its peak in the DVD business, had 40 million subscribers. Five billion discs shipped, and on Friday, they'll ship the last of them.

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I remember that first disk that went out very well because it was a big moment. Starting a company back in 1997 was very different than doing it now, especially for an e-commerce company. Today you just go over to Shopify, plunk down \$29.99, and you're on Amazon Web Services with an amazing, fully functional e-commerce website. Well, back in the day, you actually had to build everything yourself. You had to buy the servers and put them in a closet, wire them all up and air condition them, and you had to write every line of code – it's exhausting even thinking about it. So when we finally got to the point where we had a site that was stable enough to take an order, process it, and ship the disk, it was a big moment. And that happened in March of 1997 when we actually shipped the very first disc. It was Casino and it was shipped to me. Order no. 000001. About a month later, we shipped the first customer orders. This part I don't recall, but Netflix says that the first movie ordered by a customer was Beetlejuice.

We were always innovating, and things didn't always go perfectly. When President Bill Clinton was going to have to testify in front of a grand jury about the infamous blue dress episode, Mitch Lowe, who was one of our earliest people, had this great idea that we should make a DVD out of the testimony broadcast. It took a lot of scrambling to get it done, and also a lot longer than we anticipated to get it onto discs. And then we found out that the label was going to take us an additional 24 hours to press those onto the discs. So in the interest of time, was said screw it, forget the labels. Just take the blank discs, package them up in the sleeves and we'll ship them out. Mitch came in the next morning pretty bleary-eyed with a whole spindle of disks, which we promptly mailed

out. It got us all kinds of press which was exactly the thing an early startup wants... until the next day.

We began to get some curious emails from people who were saying, 'Gee, this isn't quite what I expected the DVD testimony to look like.' And it turned out that one of the spindles that had gotten mixed in was Asian porn! In the interest of research, I watched it and it was really cringy, pretty awful. So for damage control, I quickly sent an email out to everybody: 'There's a good chance you may have gotten something you didn't anticipate – that you got some porn. If you send it back we of course will promptly replace it with the right disc.' And, you know, nobody sent it back!

Just one of many great stories from the early days of Netflix. If you want to hear more about the early days of Netflix, check out my book *That Will Never Work: The Birth of Netflix and the Amazing Life of an Idea*.

This as-told-to essay is based on a conversation with Marc Randolph, co-founder and founding CEO of Netflix.

Marc Randolph regularly drops in with Entrepreneur's edit team for live sessions of Ask Marc, where viewers can pick his brain about any and all business questions they might have. From funding raising to productivity to AI ending the world as we know it, there is no topic Marc doesn't love jumping in on and sharing his years of hard-earned experience to help others find success on their entrepreneurial journey. Sign up here to join in the next Ask Marc session.

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