

## [Transcript] My First Million / #161 with Michael Saylor - Why Michael Saylor Believes Bitcoin is Hope

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

What's up, everybody?

We got a special guest in the house, Michael Saylor.

Have you heard the nickname they give you on YouTube?

The giga-chad, have you seen this one?

Am I a heard at once or twice?

Michael, go ahead, try it.

I was going to ask you, have you heard this nickname that they gave Michael Saylor?

The crypto community sort of give it and take it away.

They are extremely passionate and devoted, but they are also just nuts online.

My Twitter mentions are unusable now.

I'm sure Michael's are the same just because of that group, but they are funny also.

They nicknamed him the giga-chad because he is probably the most credible, established person and company with MicroStrategy to adopt Bitcoin in a major, major way and really is driving the kind of institutional pickup of it.

If you're listening to this, you never heard of Michael Saylor.

The reason to listen to this is pretty interesting guy had it really is your career, but most known now for basically using his company MicroStrategy and buying about \$2 billion worth of Bitcoin, or they own \$2 billion worth of Bitcoin, bought about, I don't know, how much you guys put in?

Half a billion or a billion?

No, we bought \$2.2 billion worth of Bitcoin.

We own about a bit more than \$5 billion, depending upon the day, more than \$5 billion in Bitcoin.

You have a, not everyone's going to be able to see this, but you have a ship behind you, like a huge, what is that?

It's an antique handmade model, a 19th century model of a 17th century galleon, like I think a model to Amsterdam, a galleon that sailed out of Amsterdam in the 17th century, and it was made in the 19th century.

So it's a very interesting piece.

Are you a car guy?

I have a bunch of cars, but no, I'm not a car guy.

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What's the coolest one you have?

I lean toward SUVs.

I have a bunch of SUVs.

I had a Lexus convertible that I used to love, that I drove a lot, but I don't really drive a lot.

So you can give Sam a grade, Sam just sold his company, came into a bunch of money and he bought what?

What did you buy, Sam?

Okay, so I was driving it all this weekend and I've been getting made fun of.

I can't believe people are making fun of me.

Do you know what an AMG station wagon is, like a Mercedes AMG?

I can imagine.

Okay, so basically there's Mercedes, which is everyone knows Mercedes, and then there's AMG, which is like a subsidiary, and they basically put race car engines in the cars.

And I bought this, but the problem about fast cars and cool cars is that they're like super unpractical mostly, but I wanted something that was like kind of fast and fun to drive, but I wanted it to be more practical.

And there's this thing called an AMG E63 wagon.

It's a station wagon.

It looks like a mom car, except you can put your dog in the back and it has five seats, but it still goes zero to 60 in three seconds.

So I bought a souped up station wagon, like one of the fastest cars in the road, but it's a station wagon.

That's currently what I'm driving right now.

What ever works for you?

Well, I was looking for someone to geek out on it, but I guess that you're you're I would have.

I for some reason I pegged you as a car guy, but I guess I'm wrong.

I'm more into boats and planes than cars.

What do you what?

What does that mean?

If you're into planes, well, I like I like aircraft because if an aircraft can go Mach eight, nine or Mach eight, five, you're allowed to legally fly it that fast.

What is Mach eight, like 2000 miles an hour?

No, Mach eight, five, like like 500 knots, like or something like that.

So the point is like airplanes can fly at their full speed and and yachts or boats can go at their full speed over the water, but an automobile that could go 160 miles an hour, you don't very often get to do that legally.

So so I like vehicles that you can operate at their design point legally and safely.

Well, what planes do you have healing as an engineer?

I have a global express XRS is that that's a big that's a big one, right?

Yeah.

Yeah, it's a big one.

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Fucking a.

Before we get into Bitcoin stuff and because Sean's been talking about you for like a year now because he was following a micro strategy and all that.

But you own a ton of domain names, right?

Yeah, I bought a bunch.

Like how many do you own now?

Or how many I won't count all I mean, I own hundreds and hundreds.

But the ones that are our top level primary domain names about 16.

Like like words in the English language that everybody understands like I own Emma.

Frank, I own my own name.

I own Michael dot com.

I also own my nickname Mike dot com.

So like my personal website, I've got it on Michael dot com.

You just type Michael dot com to see all the stuff about me.

Hope.

Yes, Sam.

Go to hope dot com.

See where that takes you.

Go to hope dot com.

Yeah.

Well, actually, Bitcoin is hope.

So if you type hope dot com, you'll get everything there is to know about Bitcoin because I actually repath hope to all of our Bitcoin resources and materials speaker.

I owned voice dot com and I sold it for \$30 million a couple of years ago.

That's the largest naked domain sale in the history of domain.

Well, the tell the short version of that story.

The story is kind of crazy.

I've heard it once before, but I would assume Sam and most people have not heard the story of selling voice dot com.

You bought all these early on in the web.

You kind of recognized, oh, these are, these are probably going to be valuable to own these names.

There's only one.

Yeah.

There's only one owner of each of these names.

You own it and you hold it for a really long time, like over a decade.

And at some point you decide, okay, maybe we should see if somebody wants to buy some of these.

I'm afraid of selling voice dot com real quick.

I bought all these domains because I thought, wouldn't it be great to own a part of the English language?

I mean, owning hope or owning voice.

I mean, eventually there'll be a Google voice or there'll be, you know, some telco company

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that'll want to launch some service and what a great domain to launch on a word like voice dot com.

So we held them a long time and I think at some point we were looking for joint ventures. We're looking to commercialize them and we did commercialize a bunch.

For example, I created a company called alarm dot com and alarm dot com is now publicly traded on NASDAQ.

It's like four or \$5 billion market cap company.

And you can guess what it does.

It actually integrates your home alarm into the internet, you know, and I created another company called angel.com and we sold that for a bit more than \$100 million and that was actually a speech interactive voice response like Surrey or Alexa before Surrey and Alexa came on.

And so I had voice and I was holding it and we're looking for some kind of good commercialization and someone out of the blue, they contacted us, one of the domain brokers and they said, well, you know, do you want to sell it?

We'll give you \$150,000.

And you know, I was like, someone came to me said they offered \$150,000, I said, no.

So I thought nothing of it because I just, I couldn't see the point.

A week later they come back and said, well, they doubled it to \$300,000.

I said, tell them, no.

So a couple of days later they go, well, the broker's really insistent.

And so they went to \$600,000.

I said, no.

So they said, well, what should you say?

I said, don't tell anything, tell them, you know, like we're not interested.

It's got to be something serious.

So they went to \$1.2 million.

I said, tell them, no.

I said, well, they want to know what you want for it.

I said, well, send them a note or something and just tell them, I said, it's like, it's the word voice in the English language, right?

So it's going to have to be something, you know, north of, I don't know.

I don't think I said seven or eight figures, but I just said a lot of money.

And so it went on and they doubled again to \$2.5 million.

And then \$5 million and then around \$10 million, then I said, they said, I had like 18 people in my office.

Or not eight, but eight people looking at me like, aren't you, are you going to take the money?

It's like a lot of money now.

I said, no, send them back.

At this point, send them back a note pointing out that this is like the word voice in the English language and it's worth a billion dollars to the right company.

And they said, well, you're going to give them a response.

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I said, okay, tell them \$30 million, tell them I'll take \$30 million for it.  
Because I thought like, if I didn't give them some number, they would stop negotiating after a, you know, five nos.  
So I said, tell them \$30 million.  
I don't want to sell it for \$30 million.  
I want to sell it for \$100 million or more, but I guess I'll say \$30 million.  
So at that point, they said, well, you know, they offered you, I think they up their offer to like \$12 million.  
I said, tell them, no, but if you want, I'll take a meeting with them.  
So when it got to \$12 million, I said I'd get on the phone for half an hour.  
So then we got on the phone and the call started with someone saying, well, how about \$22 million?  
And I said, let me explain.  
This is like my daughter.  
Like I'm willing to, I'm willing to like marry her off, but only to a man that values her more than I value her.  
So I value this domain, you know, at \$30 million.  
And so if you don't want to give me the 30, you know, I'm going to regret after I sell it anyway, I'll have sellers remorse, but I would, I would do it just to make the market.  
But if you don't want to value it at 30, I'll just keep it like, okay, we'll give you 30.  
I said, okay.  
So 30, you went, you got a 30 from 100k.  
So they did like double seven or eight times and I eventually, they started 150k, I think, and we ended it.  
And I said 30, we ended at 30, but, but the point was I didn't really need the money.  
It was like, if I had at the point, maybe 600 million in cash in the bank and the company, the micro strategy was, it's a multi-billion dollar company.  
So I was like, a million is not going to move the needle for me, a hundred thousand not going to move the needle for me, five, but 10 million is not going to move the needle one way or the other.  
So there's no point in doing it unless it was something material.  
Were you like, you know, the eight people in your office were, were they like your co-workers or?  
I mean, business development, the people that wanted the commission on the deal, you know, so like any, any, most, they want to like do the deal.  
And the only way you get 30 million is to like say no to 22 million, right?  
And well, like any reasonable, most reasonable people, which the reason you are where you are is you're, many would probably consider you not reasonable, right?  
I mean, you have your, your, your extreme personality type and that's why you, you're very successful, but any reasonable person would say, what are you an idiot?  
Like you paid nothing for this.  
Take it.  
Were you, but were you always that like, uh,  
My view on it is that the English language is going to be important to the human race

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for a thousand years.

And in a thousand years from now, voice will probably still have value.

Just like a lot of like hope.

It's a valuable word forever.

I mean, until you murder everyone that speaks the English language, if you think about how valuable it is, my, my real view is, is I think people are, are crazy for spending hundreds of millions of dollars on ad campaigns to market a brand that's a misspelling of a normal word is like, I got to convince you how to sell in gentian stuff with like two Y's and a Z, you know, and I'm like, why would you do that?

Because in the modern era of spell checkers, when you try to type these crappy brands that are misspelled, you know, your iPhone unspells it for you or properly spells it.

So try going to a website that's a misspelling of a name.

Most brands and most brand consultants, I just disagree with them all.

They, you know, they charge you a lot of money to come up with a misspelling of a common word.

And then you spend half a billion dollars marketing the brand.

A much better idea would be by the word hope or angel or alarm or alert or, or voice, even if you got to pay 100 million or 200 million or \$500 million, because if I see your, your ad and you tell me that, you know, your brand is alert.com, I can remember it in one second.

I can spell it in one second.

You leap immediately to the top of the Google search engine.

So I just, I always viewed domains as being undervalued and then market.

People spend hundreds of millions of dollars of going crappy marketing to send someone to a place they can't spell that they can't remember.

I think the world will gradually come around to that point of view, but they're not there yet.

But that, so that was my view.

Like I didn't want to sell it to tell you the truth.

Like if you owned the word angel or the word alarm or the word hope or voice, like the truth is Google should have paid a billion dollars for the word voice.

I mean, if they're going to try to launch a voice service, it's worth it to them.

And eventually, you know, what you're going to see is Apple, Amazon, Facebook, Google are just going to keep generating more money.

But the word voice or the word hope or, you know, fill in the blank, any kind of positive, positive, easy to spell short word and the English language is going to be an awesome place to build a brand.

All right.

A quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier.

And while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work days, the same length as always.

But before you know it, we spent three hours just fixing something that was supposed to

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be automated.

Thankfully, HubSpot's all-in-one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and an easy to use interface HubSpot lets you spend less time managing your software and more time connecting with your customers. Learn how HubSpot can help you grow your business at [HubSpot.com](https://www.hubspot.com).

And so right now, it looks like you owned or you owned or you currently own or you own a what?

I own a strategy.

Wisdom.com, Alarm.com, Angel.com, AA Alert, Courage, Mike.com, Voice.com, Usher.com, Hope, Speaker.com, Michael, Mike, Sailor.org, so you own a bunch of them.

Yeah.

And so my view is like, like trying to sell that I got 20 Picasso's and I wanted the world of market to value Picasso's.

So I sell the first one for 30 million, but the next one I want 100 million for or I really want, you know, someone to create a billion dollar business with me on that, right?

That's the right way to think of it.

And I mean, look at it this way.

How many people have learned that have learned to speak English on earth?

What is that number?

2 billion?

Maybe?

Yep.

How many, how many years of your life do you learn, do you spend learning English?

I mean, a typical person spends, takes English 10 years, like from kindergarten through 12, maybe 12 years, but let's say that we shorten it.

Two billion people spend four years of their life and that's eight billion years of time spent figuring out how to spell and type your brand.

If you value the eight billion years at \$20 an hour, that's \$160 billion worth of money spent teaching people that hope is a good thing, right?

What's it worth?

Like what's it worth like to have a brand which is universally understood and easy to spell that's burned in the head of billions of people?

You know, you couldn't have, you're going to go and buy advertising to convince them that H-O-O-P-E is a good thing, hoopy, or is that like, not really.

So I think that they're just good investments.

They're scarce real estate and cyberspace and they'll always be good and the world under value zone, but like when I tell you alarm.com, you can remember alarm, you can go type alarm.

When you get off this podcast, anybody that wants to go check out what alarm.com does, they don't have to go and look it up and sort through 197,000 Google search pages to figure out which one is the one that Sailor was talking about.

My friend started com.com, the meditation app, and the first thing he did was get the domain basically and he decided early on, all right, I'm going to build a brand around

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the feeling of being calm and it took the form of a meditation app, but he sort of decided up front what it was going to be and got that domain and really like had to negotiate to get it.

And it was, you know, these domain negotiations go prolonged, but definitely another success story of that.

And I'll remember it too, by the way, like what you just said, you just pitched me on an idea, I'll get off and if some off this podcast and if for a week from now, someone asked you, so what was that meditation business thing?

I'll be like, c a l m dot com.

Hopefully they got the right spelling of it, right?

Yeah, no, there's three else.

No, I'm just joking.

It's the it's the right one.

All right.

So let's let's talk about.

Let's talk about something else.

So you, you, you've been in the game for a while.

I think you might be, how long have you been?

You've been like the CEO of MicroStrategy for what, 30 years almost since 1989.

So 31 years.

I've been the public company CEO since 1998.

I think Sam was born in 1989.

Public company.

Yeah.

You've been the, you've been a publicly traded company or a public CEO longer than I've been a lot.

And so, uh, and you've kind of had some ups and downs.

So I saw an interview of you on Charlie Rose, um, you know, you were looking like Tom Cruise. You go on Charlie Rose and they're, you're flying higher, a 34 year old guy who took the company public.

I think MicroStrategy was worth \$11 billion or something at that point.

And, uh, and best of all, I think you own half of it or maybe a little bit more than half of the company.

And so you're, you know, a 34 year old billionaire.

And I think, you know, a few years later, the stock price crashed pretty dramatically.

But you, I think there's two kind of remarkable things.

A, I want to hear what was it like to be in that position and then face that crash.

And then B, how the hell did you keep your job?

Was it because you owned the controlling stake of the company?

Cause most CEOs cannot survive a stock price crash from 300 something dollars a share to under 50 cents a share.

How did that happen?

You know, I think if you, if you're in business long enough, you're going to have setbacks

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and you know, you can't let the setbacks crush your spirit or, or, or cause you to stop thinking and stop innovating and stop growing.

So I mean, they're humbling.

Uh, well, we all kind of know that's the right answer.

But like when we all kind of know that's the right answer, like, Hey, setbacks happen.

You got to pick yourself up.

And that's true.

And everybody sort of agrees.

But when it does happen, what, like, do you remember what that felt like?

What the day was when, when, when you're experiencing this crash, what were you thinking as it was

happening?

It's not pleasant.

It's not pleasant, but you know, you have to move on, right?

You have, you have to focus your responsibility.

Okay.

And you were, you were talking about at one point, you're like, all right, when I was selling this domain, when did you sell that domain name?

How many years ago?

Um, two years ago, maybe.

Okay.

So not that long ago actually, but you were saying like, well, we had, I had 600 million dollars in cash with the company was doing great.

Why continue staying as the CEO when it seems like you're incredibly, I mean, Bitcoin seems like you're one of your main top two focuses next to micro strategy.

Why not just focus entirely on that as opposed to continuing, continuing to run this business?

Well, first of all, the, the business has two strategies.

And the first strategy is we sell business intelligence software to our customers.

And the second strategy is we acquire and hold Bitcoin.

That is the business.

Got it.

Um, and, and if you look at what we've done, we, um, we bought a \$250 million worth of Bitcoin that we had generated as a publicly traded company.

So without the business, we couldn't have bought the first 250 million of Bitcoin.

And that required, you know, an intricate set of, of, um, due diligence and disclosures.

Then we did a Dutch tender offer, but basically it's an equity offering of sorts.

If you could think of it that way, we did a, we did, um, um, a reverse Dutch auction.

And with the, at the end of that point, we bought another 175 million worth of Bitcoin.

And so that's another thing you have to have to be a public company to do.

Then we swept our cash flows as a public company into Bitcoin.

We bought 50 million more Bitcoin and, uh, without the company couldn't have done it.

Then we did a convertible debt offering for \$650 million of debt at 75 basis points.

And without being a public company, we couldn't have done that one either when we bought Bitcoin.

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And then it went up again.

And then we did, we bought some more with cash flow and then we did a billion dollar debt offering.

And we did that billion dollar convert offering at 0% interest.

You couldn't have done that without being a public company.

So there are benefits to being a public company.

Public companies are credible.

They're really the gold standard as a counterparty.

Right.

I mean, there's a hundred million companies in the world.

There's only about 4,000 publicly traded companies on us listed exchanges.

So it's a very, very rare thing.

You have to go through a huge amount of, um, of compliance.

You know, we're, we're filing 10 Qs, 10 Ks.

We've got a lot of, uh, a lot of, uh, compliance architecture, security architecture.

I'm signing Sarbanes, Oxley, uh, statements, you know, every quarter, right?

We're responsible for FCPA, you know, et cetera, responsibility.

So that gives, um, that gives investors comfort with a publicly traded company.

So probably the most important thing to, to take away from the podcast is Bitcoin is an exploding, uh, asset class.

It's really a, it's, it's the greatest treasury reserve asset of our lifetimes.

And it's the solution to every company's treasury problem.

So if you have a corporation that has capital or generates cash flow, you can immediately double or improve the value of the company or dramatically enhance the value of the company simply by changing your treasury policy.

So if you take a company with cash and you invest in Bitcoin, you have invested, you have converted a liability to an asset.

And so, so I was enhancing the value of the company by pursuing the Bitcoin strategy.

They go together.

They're synergistic.

So let's, let's lay out the, the kind of the context for people who don't know exactly how it all played out.

Cause I would say in our audience, right, we're going to get about 300, 400,000 listeners this month and in that audience, probably, you know, 5% are as crazy about Bitcoin as me and have put like, you know, a huge chunk of their net worth into Bitcoin.

And then, you know, 50% are curious and 50% are novices, let's say, you know, just roughly rounding things out.

And so just to put it into context, micro strategy is this couple of billion dollar public company, it's been around for a while, has a good track record, has a business selling enterprise software.

You generate a ton of cash, your business spits off cash, you have about 500, 600 million, I'm just using fuzzy numbers, doesn't, doesn't, specifics don't matter.

He's about 500, 600 million dollars of cash.

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That's your treasury for your company and you're looking for something to do with it. And at some point you realize you have this treasury problem and, and you're not alone. Actually, all companies have this treasury problem, whether they are aware of it or not. So can you describe the treasury problem that you experienced and you experienced it at a \$500 million level, but anybody, including an individual with \$500,000 or without, you know, \$100,000 in the bank has the same fundamental problem.

So explain the treasury problem as you saw it a few years ago, or yeah, a year ago. The treasury problem is that subsequent to March 2020, the cost of capital exploded from 8% to 25%.

And you can see that in the performance of the S&P 500 index, which went from about 8% a year for a decade to more than 25% in that next year.

That means that anybody investing money on behalf of a limited partner or any other investor has to generate that cost of capital in order to avoid destroying wealth.

If you, if you generated less than a 8% yield for the decade from 2010 to 2020, as a financial advisor, you destroyed wealth because the alternative was just to buy the SPY index.

If you generated less than 25% from March of 2020 onward, you destroyed wealth because you could have made 25%, actually a bit more, depending on what day of the week you measured or what day of the year you measure it.

You could have generated that much just by owning the index.

Now, the, the treasury problem is that when the cost of capital is zero, if, by the way, the cost of capital is being driven by the expansion of the money supply, the Federal Reserve is expanding the M2 money supply by about 5% to 6% a year for that decade.

And when you tackle on the risk premium, you get to your 8% S&P return.

When the, when the Federal Reserve expands the M2 money supply by 20% to 25%, that's where you get that explosion in the cost of capital.

The inflation doesn't show up in consumer goods.

The inflation immediately shows up in assets.

We have asset inflation.

Within minutes of when the central bank decides to stimulate the economy, the price of all the assets explodes.

And so the problem for every company, all 100 million companies in the world, every private company, every public company, the problem is you have capital in your treasury.

And that capital has to yield the cost of capital.

And if it doesn't, you're destroying shareholder value.

Another way to say it is, if you generate cash and you put it into the bank account to pay zero interest, and if, if the cost of everything you want to buy goes up by 10% a year, in seven years, you only be able to buy half as much.

You've lost half of the value of your savings.

And that discount rate or that cost of capital doubles, well, then in three and a half years you've lost half your money.

At a 25% cost of capital, in three years you've lost half your wealth.

So the treasury problem is the cost of capital has exploded.

And the cost of capital as it goes through the roof puts every company in a quandary.

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They either have to decapitalize and give all of their assets back to their shareholders because they can't, if Sam is controlling an investment company that invests in dollars and you are running an investment company that invests in the S&P 5 index, and I gave each of you a million, and Sam proudly tells me how he didn't lose my money, and you tell me you made 25% return, I'm pulling all my money out of Sam's fund, and I'm putting it into your fund.

So ultimately the problem is the company sitting on capital, if it can't meet the cost of capital, it has to give the money back to the shareholders, or at least it's under extreme political pressure from the share.

Everybody's beating you up as CEO saying, what are you doing with all that cash?

You should just pay a dividend or you should buy the stock back.

And the second pressure you have is if you run a company and your cash flows are growing at 8% a year, but the cost of capital is 25% a year, that means that I'm discounting you at a rate that's higher than your growth rate, in essence the value of your stock is going to be forecast to go to zero.

You can't hold value in a company growing at 5% a year when the cost of capital is 25% a year.

That's why the only thing you can buy is going to be a high tech stock that's growing.

You need to buy a tech monopoly that can grow 20% or 25% a year.

And if you come to me with a business idea for a company which makes a lot of money but is growing 2% a year or 1% a year, I'm just not interested in a high cost of capital environment.

So the problem we faced in March is what do we do?

Do we involve the money back to the shareholders or can we find something to invest in that's going to actually generate more than 25% return?

And that puts us to a question.

So what we did, in essence, was split the difference.

If I was in the ideal situation, you would just buy 500 million worth of Bitcoin and put out a press release and do it.

But if you did that, that would be such a shock to the outside shareholders that the fear would be, well, is someone going to sue us or dump the stock because you were so aggressive because they'll claim that you took a risk that you didn't disclose.

So our response is, let's disclose everybody.

We're about to take a risk.

And after that, let's go ahead and take a risk.

But at the same time, let's give everybody an insurance policy.

So we offered to buy back \$250 million worth of the stock in this Dutch auction.

So if you disagree with the decision to buy Bitcoin, you can sell the stock back at a profit.

Our stock was 120.

We offered to buy the stock back at up to 140.

And so we cushioned the blow of the investment strategy by giving people an exit strategy from the equity.

That rotates the shareholder base, and then we began to pursue the Bitcoin strategy as

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a primary treasury reserve asset with a different shareholder base.

So let me ask you a question.

Now, I like the analogy or the kind of the awareness that, hey, we have this giant bowl of ice cream that's melting.

That's your cash pile that's melting.

And the heat is basically the money printer that is causing asset inflation.

Ice cube that's melting.

We have a \$500 million ice cube, and it's melting 20% a year.

And so it'll be gone in five.

So you needed to do something with that.

You didn't want it to all melt away.

So you decided to do this.

Now, a couple of quick questions.

One is sort of rapid fire.

I've got a couple of rapid fire questions for you.

In 20 years from now, what do you think has generated more value or more income to the company, to micro strategy?

Is it the operating income of micro strategy or the investment income of the Bitcoin it holds?

The investment income for sure.

And then to be very clear, what happened in March of 2020 is when the cost of capital goes to 25%, that means that every investor and all investment income, every investor generated 25% more doing nothing.

And every main street company that worked 25% harder, got nothing.

You literally tilt the playing field so that if you own assets, you're having the best year of 30 years.

And if you don't own assets, it's impossible to have a good year.

And so the second question is, as you acquire more and more Bitcoin, is micro strategy bet...

Do you just position the company at this point like it's a Bitcoin ETF?

It's like buy this Bitcoin buying and holding companies?

No, first of all, it's not a Bitcoin ETF.

You're sloppy with those words.

An ETF is a company that invests in securities and it tries to keep its assets under management equal to the amount of shares of ETF that it sold.

It's a financial company.

An ETP is a similar type of company that invests in commodities.

If you create this Bitcoin entity that equalizes assets under management equal to the shares you sell, you created a Bitcoin ETP.

We're neither of those things.

We're not a finance company.

We're not an ETF.

We're not an ETP.

We're not buying or selling Bitcoin to equalize assets under management.

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We're an operating company that owns property.

Bitcoin is property.

In that way, you should think of it as a company like I bought a million acres of land in Texas or I bought a million gallons of fill in the blank, a million bushels of soybean.

You can buy any kind of property and you're holding it on your balance sheet as a company.

That's what we are.

Now, what's your question?

You are talking about, let's say, the cost of capital being 25% because since March, that's what the S&P 500 is on, but the stock market goes, it does go up and down in years where the market dips and it goes up.

The average over time, the geometric mean is whatever, 7% or 8%, something like that.

Some would argue, okay, yes, this year assets inflated by that much.

That doesn't mean next year it's going to remain at 25% a year.

So you have to make some prediction, right?

And so are you basically forecasting it at 25%, 15%, 10%, 8% and does the decision change at a certain number there?

So first of all, for the decade from 2010 to 2020, it was generally about 8%, it was pretty consistent.

And the single biggest driver of cost of capital is the rate at which the broad money supply expands.

And if you go Google M2 money supply, Fed, you'll get a chart and you'll see the chart, by the way, the chart's not all over the place.

The chart is very consistent 7% slope for a decade.

It's not jerking around.

So it's not that volatile.

It was very consistent monetary policy for a decade.

Then that chart goes like this straight up 24%.

So if you're going to make a decision as an investor and this is any investor, this applies to all \$400 trillion worth of investors and applies to every company on earth.

They all have the same exact thing they have to calculate, which is you have to estimate the rate at which the money supply will expand each year for the next eight years.

And so that's the, if you want to figure out the signal or the single most important thing in the world for everyone, but for everyone, 7.8 billion people for 100 million companies for everyone with money on earth or everyone that earns a salary on earth.

This is the big idea of the podcast.

You have to estimate the rate at which the currency is going to expand.

And if you believe the currency is going to continue to expand at 15% a year for the next eight years, you come to one conclusion.

If you plug in 10%, it's a different conclusion.

If it's 25%, it's a different conclusion.

So what do I think?

I think that 15% for the next eight years is reasonable.

If you're a pessimist, you could say 20.

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If you're an optimist, you could say 10.

But the money supply is expanding because the Federal Reserve and the EU central bank are buying a trillion dollars worth of bonds every year each.

And it's also expanding because the government of the EU and the US are running a multi-trillion dollar deficit, and it is also expanding because of trillion dollar plus stimulus.

And there's no reason to think that's going to change in the next four years.

And I don't think in the next eight years, I think that at the point that the Democrats took control of the Senate and the House, you saw that you could have forecasted 12% inflation if it was a split government.

But I think that in a non-split government, there seems to be remarkable consensus that we should run deficits, continue to keep interest rates low, and continue to stimulate the economy. So what does that mean?

If you plug in a number, 15%, it means that the risk-free return is 15%.

It means you have to generate an excess of 15% on your money every year for the next four years in order to stay ahead of the rate of asset inflation.

A reasonable person would say, the assets are going to inflate at that rate.

That's pretty much what they do.

That means that if your company is not growing its cash flows at a 20% rate, then it's not going to hold value as a stock.

It means that if your bond is paying you an interest rate of less than 15%, you're destroying value in the bond.

If your rent yield is less than 15%, your commercial real estate is destroying value.

If you're holding cash, you're losing 15% of it a year.

That's the negative real yield.

So once you actually embrace the idea of asset inflation, and asset inflation equals cost of capital equals the rate of the money supply expansion, once you have that rate, then you realize that there's a negative real yield on everything except for Bitcoin, for the most part.

The negative real yield on gold is 3%.

That's the rate at which we mine it or hypothecate it.

The negative real yield on sovereign debt is about 12%, 13%.

The negative real yield on corporate debt is 10%.

Every company that's got a growth rate of less than 15% has got a negative real yield on it.

Once you do that, then what you realize is you can't really have a business strategy as a company unless you find a way to solve the treasury problem.

The big idea here is you want to fix any company, sweep all the cash flows into Bitcoin, convert the treasury into Bitcoin, borrow against your future cash flows in dollars, convert that into Bitcoin, finance all your fixed assets in dollars, convert that into Bitcoin, and issue equity as much as you can now at the highest valuation you can now in dollars and invest in Bitcoin.

You might say, why Bitcoin?

Well, because Bitcoin is the apex property.

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It's the most scarce monetary asset in the universe.

You can't make any more of it.

It's encrypted money.

What that means is it's least likely to be impaired by a property tax, an execution issue, money printing, dilution, counterparty risk, and corruption.

We have engineered a superior asset, a thermodynamically sound, technically superior asset.

It's placed on a global digital monitoring network, which is open and open protocol.

The combination of the apex asset on the open monetary system makes it the most disruptive technology in the world.

What you have now is, in terms of Maslow's hierarchy of needs, you've got the top problem to have, which is your company has made all this money.

What do we do?

At what point in the history of the company, and you personally, even when we sold our company, it was like I just had to focus on payroll, which means I had to focus on creating a product that people think is great and that solves problems, and then I got to make sure I can sell that problem and get people to buy it.

At what point in the career did it switch to your current focus from just I got to make sure that MicroStrategy has a bad ass product that gets in the hands of customers profitably?

I'm trying to understand that question.

Can you just say it a different way?

When you were first starting MicroStrategy, you were in the weeds, you were thinking, I have to make a product that solves a problem, and I have to make money off of it, right?

Now you've gone way up the hierarchy of...

Now we can do whatever we want.

Now you can do whatever you want.

At what point did you notice a shift like, oh my gosh, this business is stable, it's working pretty well, it's quite predictable?

At what point did that shift happen, because what you're talking about now is quite foreign to what...

I think we...

Look, we solved our problem when we actually embraced Bitcoin, but I could say to you, oh yeah, when I had 500 million in cash in the bank, I could, and we were focused.

But the problem with that is that if you have a bunch of cash generating zero interest, the cost capital goes to 25%, then all the public company investors forsake the company.

And if the stock market forsakes the company, then mainstream media forsakes the company, right?

Then the employees become dejected, because eventually you're going to have Facebook, Amazon, Apple, or Google steal every one of your employees.

If you can't drive the stock up, right?

Nobody wants to invest in a company that makes a lot of money growing at 5% a year.

I mean, it seems brutal to say that, but it wouldn't be true if the cost capital was zero.

If we had a sound money policy in this country, then you could hold your head up high and say, I run this great restaurant and we made a lot of money last year, we're going to make

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a lot of money this year, and our plan is to keep doing what we've been doing, and everybody will pet you on the back and say, that's good, that's honorable.

But if I tell you I'm going to devalue the cash by 25% a year, or 20% a year, at some point you're driven into this cycle where I have to either do a big acquisition to keep my revenues growing, I have to take extreme risk and do dilutive acquisitions, or I have to go borrow billions of dollars to buy the stock back to leverage up the cash flow per share.

And if I don't do either of those things, the investors dump the stock, and they dump the stock, the employees start feeling like, why don't they go work someplace cool and hot, and you're going to get all your engineers stripped away by Facebook or Amazon or something. So the truth is, when we actually fix the balance sheet, we fix the stock, and we fix that, at this point, the company has \$5 billion, more than \$5 billion in assets.

If the cost of capital remains, let's say it goes up 20%, if we print 20% more money next year, I can reasonably expect to generate a billion dollars in investment income, which would be a 20% increase in Bitcoin, right?

But the truth is, I can reasonably expect better than that.

If the cost of capital is 10, I can reasonably expect \$500 million in investment income.

Well, all 2,000 people doing 100,000 things right perfectly for the entire year, competing against Microsoft that has more money than God, they can generate \$75 million a year.

So the truth is, the company, its future became secure when we actually converted the balance sheet to Bitcoin, because now we don't have to struggle, let me say it a different way.

I don't think any company could be successful without a financial strategy in the year 2021.

I wouldn't have said it three, four years ago.

If you have a sound money macroeconomic environment where the money supply is expanding at 2% or

3% a year, you can go out and make things and create things and market things and sell things and service things and generate cash with that, and that makes sense.

But if the money supply is expanding at 20% a year, you need to own assets, because what's happening is no one's going to invest in any project that doesn't generate more than the 20% hurdle rate.

And so who can generate consistently risk-free 20% returns?

You have to be a monopoly.

You have to have a digital monopoly or some kind of monopoly.

So it becomes exponentially harder to grow.

And so what happens next?

All these other companies could squeeze out of the ecosystem.

They get de-capitalized and rendered insolvent by the monetary policy.

So I would say that if I can get my stock was \$120 a share, what is it right now?

Like, I haven't checked in the market.

768.

OK.

So if I get my stock up, then I can actually make my shareholders happy.

I can change the narrative.

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I can recruit.

I can retain talent.

I can inspire the confidence of my customers.

I can drive momentum.

And then we can do what we want to do.

I guess it's similar to if you're a university and you had no endowment, or a university that has a billion-dollar endowment, or a university that has \$100 billion endowment.

If you're a professor, which university do you want to work for?

If you're a student, where do you want to go?

You have a shiny building coming or not, right?

At the end of the day, money is a measure of energy.

And so if you have monetary assets, you have energy, and if you have high energy, you can pursue your vision with integrity.

And what percentage of your time now are you spending on this, on investing the income versus on the day-to-day of micro strategy, of just the business as usual, making the products, making business intelligence products versus investing the income?

I'm the CEO, but we have a president.

And the president of the company is Fong Li, and he actually has day-to-day operational responsibility for sales, marketing, and even technology development at this point.

So I'm the chairman and the CEO.

I oversee the company's strategy, and I oversee financial strategies.

I oversee long-term direction, and I oversee technology strategy, but I'm not in the weeds in the day-to-day running the business.

That's really left for the operating executive team.

So about a year ago, I tweeted out that I had moved 25% of my net worth into Bitcoin, which has now become like, I don't know, 50 plus percent almost.

And a friend called me, our friend who comes on this podcast named Andrew Wilkinson, very successful business guy.

He's got a public company in Canada now, sort of has his own businesses that are worth about over a billion dollars.

And he called me, and he was just like, hey, I just want to make sure you know what you're doing here, and like a concerned friend.

And he comes from the Warren Buffett, he's a Warren Buffett disciple, and famously, Charlie Munger called Bitcoin rat poison, and then Buffett called it rat poison squared.

And so you get really intelligent people who are well respected for what they've done talking about Bitcoin.

So first, what's your reaction to the Buffett opinion on Bitcoin?

I think everybody's captured by their frame of reference.

Warren Buffett, would you agree that Warren Buffett for the most part made money investing in stocks?

Yeah, and non-technology stocks primarily.

And maybe overseeing operating companies.

How successful would he have been if he did that in Nigeria, or let's say Zimbabwe, or

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Argentina for the past 15 years, or Venezuela?

Not very well.

But that strategy wouldn't have worked, right?

For example, there is no strategy that would work if you were a business person in Zimbabwe when the currency collapsed.

And if you look at the Argentine blue dollar, the Argentine peso actually used to be worth a dollar, and then it was worth, and then it was three pesos to the dollar.

Today it's on the black market.

They call it the blue market.

It's worth about 150 pesos to the dollar.

If you live in a world where you just, let's just start by assuming the currency is strong, and we have no problem with that, and that stocks are going to work, and then let's talk about our investment strategy.

Well, if you live in that world, and you can make those assumptions great, but what if the currency weakens at 15% a year for the next decade, then your strategy doesn't work.

So I think that for the most part, the world's full of successful people, but there's two things that are missing.

They're assuming, optimistically, that in the United States and Western Europe, whatever currency challenges we have, whatever weakness of the currency we have will be rapidly rectified.

They're either in denial, like, here's how you'll know.

Ask someone as an investor how they did last year.

If they're honest, they'll say, oh, the dollar crashed, and all my stocks are up 20% to 50% because the dollar is weaker.

And if they tell you, oh, I had a great year, my portfolio is up 37% or 50%, because I'm a genius stock picker, that's how you interpret the world.

Is the dollar weakening, or is the market getting better?

And so there's a lot of people that have been successful in their frame of reference.

And so they just attribute the virtuous activity of their virtuous stock picking or their virtuous business strategy for their success.

And then they wonder why everybody else can't be like them.

And then I think the second part of this is Bitcoin is paradigm shift.

It's the first time in the history of the human race that we managed to put first layer money on a digital network.

I mean, there is nothing to study.

Someone that's telling you they've studied this, how could you have studied it?

It's like we invented fire, or we invented electricity.

It's such a new invention that if your friend said, I spent 47 hours studying Bitcoin, right, and I have the following detail concerns about how it's going to evolve as a dominant digital asset network.

And these are the things I'm worried about, maybe with the constructive conversation.

But I think that most people don't, they don't even understand yet that it's a digital monetary network.

They don't even know there's a class of such a thing.

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It's the first such thing in the history of the human race.

So I've created the ability to manifest property in cyberspace using strong encryption.

And I have decentralized that network such that no company or no CEO or no country can be a point of failure.

This is a first in the human race.

This is a fire in cyberspace that's burning with a trillion dollars of energy.

It's the fastest growth to a trillion dollars of any digital network in the history of the world, 12 years.

And so if you embrace that and you say, okay, I've got two things going on here.

I have a macro, this is the first time in 30 years that the money supply, the broad money supply in the US and Europe is all linked and all collapsing at a rate north of 20%.

We didn't have this, not in your lifetime, not in my lifetime.

The last time we got something similar this is 1980.

And before in the 70s, but in the 70s, you had a bunch of different central banks, the German bank, the French bank, the US bank, the US was not the world current.

It was like 30% of the currency trades in the 1980s.

It wasn't 90%.

So we had the formation of the EU.

The EU tied all of European currency to the dollar.

That became 90% of all the currency, every other central bank tied in the dollar.

So we arrive in a period in the last 12 months where the behavior of the US Fed and the expansion of the M2 money supply is in essence weakening every currency on earth at the same time.

You've only got three sets of currencies.

You've got the strong currencies weakening at the same rate as the dollar.

And that's like 20 rich countries.

Then you've got most currencies weakening 20% to 40% more against the dollar.

And then you've got the last basket of currencies weakening 80% or more against the dollar.

They're utterly collapsing.

And so you have a macroeconomic circumstance we've never seen in our lifetime.

And then you have a technology, the most disruptive technology of our life, more disruptive than Google than Facebook, more disruptive than YouTube, more disruptive than Zoom, more disruptive than the iPhone.

It took Google 22 years to get to a trillion.

It took Amazon 24 years to get to a trillion.

It took Apple 42 years to get to a trillion.

It took Microsoft 44 years to get to a trillion.

It took Bitcoin 12.

It's a monetary fire.

It's burning in cybert space.

And these two things together, by the way, how do you feed a monetary fire?

With money?

How?

You're feeding more money than ever.

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The money is feeding the fire, right?

And anybody living in a comfortable environment with a business strategy that worked last year, they're going to be late to understand this because they haven't had this jarring realization that there's something fundamentally different.

But if you lived in Argentina or you lived in Lebanon and your currency, let's take Lebanon, collapses overnight by 80%.

And if someone handed you an iPhone and said, you can put Bitcoin on this and you won't be broke and starving tomorrow, you would have an incentive to learn about this new technology because your entire world crashed around your head.

But if you're living in a world where you think you just made 30% return on your portfolio, you don't quite have the same appreciation of the problem.

Go ahead, Sam.

So it's almost like rooted in the decision to do all of this is definitely shareholder stuff, shareholder value.

But a lot of it was like, well, I just want to attract great talent.

That was definitely a factor.

How many people work there now, 2,000?

How has this impacted your ability to recruit and retain people?

It's been great for retention, it's been great for recruiting, we get people.

First of all, the company's brand has been amped up by a factor of 1,000.

A lot more people know us now.

What's the culture like now, the different?

Just happy.

Bitcoin is hope.

So let me say it a different way.

If your family has \$100,000 and you showed up today and I told you it was in a bank in Lebanon and now it's \$20,000 but you can't spend it and it's going to zero, what's your family's morale?

If your family had \$100,000 in Bitcoin in the same year and I told you, oh, by the way, Bitcoin is up by 1,000% and now you have \$1 million and it's probably going to keep going up forever.

But it's not black and white like that, it's not black and white like that.

I'm looking at your glass door reviews, I'm looking at the glass door reviews.

Not everyone agrees.

Surely there's downside to this.

Not everyone agrees.

I'm looking at, I see a lot of bad reviews and every great company has a lot of bad reviews but it's not black and white that everyone agrees.

I mean, you have a 43% review in glass door.

I know that glass door isn't the full picture but it's clear that not everyone agrees with your opinion.

I don't know.

Is that only stats for the past six months?

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No, there's a thousand reviews and it's been up there.

Isn't it for the past decade?

But I can sort by date, so I can tell you a number by any, I can set it by any constraint.

Right now, it's all, so 1,000 reviews and it's a low review and so it doesn't seem that everyone agrees with you.

My point is that you're looking at the past 10 years and if you go back over the past 10 years, we had one point where the company was contracting and we laid off employees and so-

No, I'm looking at reviews all from 2020.

I think truth be told, nobody gives a shit about glass door reviews, right?

Like, you know-

I do.

No, I think that there's no better help than the pancake.

There's always two sides but there's bits of truth in all of it, right?

You could gain credit.

What is the point you would like to make and what shall we discuss?

What I want to know is what's been the downside of this because it's not black and white that everyone agrees with you.

It's not black and white that like this has been perfect.

Sam, can I ask you a question in a slightly different way?

I think I get what you're trying to say.

So it's not necessarily, oh, have people disagreed with you because right now also you look like a genius.

You bought the thing, the brand is up, the stock is up, the Bitcoin price is up.

Like, if you really disagree now, this is your own personal problem at this point.

The strategy has clearly worked up till now.

The question is more that, hey, we've had periods of time.

I've been holding Bitcoin since 2013, 2014, and I've seen Bitcoin go down 70, 80% drawdowns and you have basically taken out a bunch of debt.

You bought Bitcoin, you own \$5 billion of Bitcoin.

The majority of the company's value is the Bitcoin, the assets that it owns.

And if we do see, I think we kind of agree volatility will dampen over time but that doesn't mean we can't see a drawdown like that again.

What happens when Bitcoin price drops by 50% again?

What's your reaction to that?

How does that affect your strategy or what's your overall viewpoint of this possibility?

Well, that's not exactly what I'm talking about.

The downside of your strategy, right?

Yeah, yeah, yeah.

On a day-to-day level at the company, I imagine there's a ton of people that love this but what has been any of the downsides of this?

Because with every great decision, there's always going to be downsides as well as upsides.

I can't see any downside for the employees, they've all benefited.

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I can't see any downside for the investors that stayed with us, they've all benefited. I mean, there are critics out there that don't like Bitcoin and by the way, there are people that will say, you're a CEO, you shouldn't invest. There are people that will say operating companies shouldn't have assets. There's criticism, people say, well, you're a CEO, you should go back to your cubicle and write software and leave the investing to the professionals. But I think that the fundamental element in the room here is that the macroeconomic environment is so incredibly unfair to people without assets, like literally if you're an operating company or a main street company, you have to work 30% harder to stand still and if you're a Wall Street company, you can stand still and get 30% more. The playing field is so tilted in favor of property owners or asset holders against manufacturers and companies that do things that you can't really be successful in business unless you have assets as part of your strategy. So me and Sam, we're asking different questions, Sam wanted to know more about the morale. I want to know if we do see another Bitcoin crash drawdown 50%, 60%, what happens to your position and what happens to your point of view? Well, we have permanent capital, so it doesn't make a difference to us, right? Like right now, for example, we have a \$3 billion investment gain, so if you cut Bitcoin in half, we would still have an investment gain, right? And our basis is \$24,000, so if it goes down to less than \$24,000 and stays there forever, then it will have not been a good investment, I suppose. But otherwise, we've got a long-term strategy, which is you buy it and hold it. And I think that a lot of people live in fear of volatility, but a lot of people live in fear of a lot of things, right? If you have enough fear, you won't leave your house, you won't do anything. So, you have to have a bit of courage and conviction. I can give you a thousand reasons why I think it makes sense to invest in Bitcoin. I can't give you any reason why I should be afraid to do a rational thing. So it doesn't really bother me, right? This is a rational strategy. If I had it to do all over again, would I? Of course I would, right? Ask all the investors that made billions and billions of dollars over the timeframe, right? Of course you would do it again. And I think we're going to have to wrap based on time, so I appreciate you coming on. Do you want to leave anybody with a way to find you, a place to follow, a place to take a next step if they liked what they heard? Sure. If you're interested in Bitcoin, Bitcoin is hope, so go to [HOPE.com](https://HOPE.com), we have lots of information in it. If you want to follow me, I'm Michael underscore sailor on Twitter. How much do you think Bitcoin.com is worth? Roger Ver owns it now.

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How much would you be paying for Bitcoin.com?

I don't know.

I wouldn't speculate.

I wouldn't speculate.

You know, I think for most people, a lot of what you're saying, I think is going to be over their heads that listen to this to be perfectly honest with you.

I think, but I could distill it down into a very simple way of looking at it for anybody that listened to this and they were intrigued, but they didn't know.

They haven't sort of gone down the rabbit hole yet, which is very simply.

If guys like Michael Saylor who own public companies that have a ton of money are worried about what they're going to do because their money is melting and they're looking for investment grade, sort of the most powerful treasury asset and he's decided it's Bitcoin and Square has put some money in PayPal has put money in Tesla has put a billion and a half dollars into Bitcoin.

It's likely that there are more companies out there and it'll take them six months to a year to make this move, but they will take a portion of their treasury reserves and they will move it into Bitcoin.

And these are long term holders.

These are not retail day traders that are going to be, you know, buying and selling the thing like crazy.

So the real simple thing is you could sort of invest into the network.

You can buy Bitcoin yourself and you can front run the institutions that are coming.

That was a very simple, very simple thesis and very simple takeaway for somebody who's listening to this.

If you're a company, you better be thinking about what you're going to do, the cash.

If you're an individual person, you should also be thinking about what you're going to do with your cash.

And the easy move is that for once you get to front run the institutions and you get to get in before they all get in, whereas typically the retail investor is last.

I think that's a reasonable thing to say, I agree with it.

Another big picture way to say it is there's \$100 trillion of treasury assets that have a negative real yield of minus 10 to minus 15% a year.

That means they're destroying \$10 trillion a year of value.

The solution is convert all of that money into Bitcoin.

Bitcoin's a trillion dollar asset.

You know, people that understand Bitcoin think it's going to grow to become the \$10 trillion dollar asset that gold is, and then it's going to replace negative yielding, sovereign debt and then corporate debt, and ultimately it will become the primary treasury reserve network and treasury reserve asset.

And so if you have a company, if you're an investor, it makes sense to buy it because it's got a brilliant future and it solves a problem that everybody on earth has.

And if you're a company, it makes sense to plug your treasury into Bitcoin because the road to surfdom is working exponentially harder for a currency growing exponentially weaker.

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You're just going to work yourself to death, you know, put yourself in the position of working as hard as you can in Venezuela or Argentina or Zimbabwe and roll the clock forward a decade and ask yourself the question, what do you wish you did?

And the answer is protect your assets, protect your monetary energy, your treasury by putting it into a scarce asset in a bank and cyberspace where no one can steal it, debase it or destroy it.

And that's the Bitcoin ethos.

We're simply trying to, we're trying to make it worthwhile to do the other stuff.

There's no point in doing a hundred million other things if at the end of the journey you've got nothing to show for it.

Yeah.

Why create all the value if you cannot store it?

So here's a better store of value.

That's the big idea and that's a business strategy for everybody, small, medium, large, doesn't matter.

And you know, I'm just kind of anticipating somebody hears this and they say, but we're not Argentina.

We're not Venezuela.

Do I really need to worry about this?

And what's your answer to that?

My answer is the single most important thing for you to have in your life is a forecast for the money supply expansion in your country for the next eight years.

So I would say before you invest the next decade of your life doing whatever, stop and study up on macroeconomics and form an opinion about the rate at which your currency is going to lose economic energy.

And then you can act accordingly.

If you think that the currency is going to hold, by the way, the currency has never held, it's lost 6% of its value every year forever, right?

It's always losing 6% of its value.

You just have to decide for the next decade whether or not the cost of capital is going to be 8, 12, 16 or 20.

And once you make that decision, that will inform you with regard to what degree of enthusiasm will you pursue a hard asset strategy.

If you think that the currency is going to weaken rapidly, then you would shift and prioritize hard asset strategy and hard asset acquisition aggressively.

And if you think that the currency is going to not weaken that rapidly, you would prioritize other strategies, right?

And everybody's going to make that decision for themselves.

But when Zimbabwe started to crash, normal companies, management consulting companies started buying lumber and coal and oil and anything they could buy because at least you'll still have it tomorrow, whereas the cash, the currency, the receivables will be worth nothing.

So you just have to make that decision.

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There's plenty of information in the world for you to form your own opinion.

Once you've formed your opinion, then you can act accordingly.

Cool.

All right, Michael, thank you for coming on.

Thank you for having me, gentlemen.

Yeah, we appreciate it.

This is great.

Thank you.

All right.

We just did this interview with, I called Sean immediately, a break he said to record it.

Explain, explain kind of what recap it and then explain your opinion, but first objectively try to recap it.

Objectively we have this guy on.

He's objectively successful financially.

Objectively a wonderful businessman.

He came on for, he said ahead of time his objective for this interview was to promote Bitcoin, which that's cool.

We could talk about that for a bit that we, I'm down with that.

I wanted to ask him a little bit more beyond that, but we didn't get to it.

And he talked for a 60 plus minutes all about this topic and I personally pressed him on a few topics and he disagreed with me and my vibe, this is, all right, we're past the objective part.

My vibe from this was, I don't trust, I don't trust his opinion.

I think that the lack of self-awareness may, there was something going on there that even if he's right, which he very well could be.

Okay.

I'll give you my two cents and then we'll just talk about it real quick.

So I just, I thought he came on just kind of low energy slash maybe like kind of arrogant.

I don't know, smug a little bit, not in a bad way, but I think at the beginning we were clearly trying to like warm them up, just talk to him about something and he had zero interest in, in chatting about anything besides the virtues of Bitcoin.

And so that was a little bit, I don't know, just personally a little off-putting, I guess like, I find it more fun when a guest comes on and there's somebody that you leave the podcast being like, man, I want to, I'd love to hang with that person more.

I think that's a great sign for the guest.

And I think in this case, you know, I didn't walk away with that feel.

I agree with all the things he said objectively.

He's super smart, literally a rocket scientist who built a billion dollar company by the time, you know, a 10 billion dollar company by the time he was 34, you know, from 24 to 34 built a 10 billion dollar company has been running it for 30 years as a public company CEO went into Bitcoin heavy and has made \$3 billion in Bitcoin.

Like they guys, he's definitely a smart guy and I think ahead of the curve in many ways.

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I've read his book, the mobile way, which he wrote 2012, basically saying that mobile's going to, like mobile's going to destroy everything.

And which in 2012 was a sort of safe prediction, but still a good prediction nonetheless.

And I don't agree with you that he was just like, what'd you say, like not trustworthy or something.

So explain.

Well, and this is a DJ reaction.

So I don't want my opinion certainly evolving as, as it's going.

And I've, Sean, you've talked about them all the time.

So that was my experience with my very Wikipedia page and I probably watched the top two or three interviews.

That's my experience.

I don't want to say distrusting, but there was something about it.

So in the interview, I question him about something silly, not, not silly.

I don't think it's silly.

Sean thinks it's silly.

And that's okay.

I understand why someone thinks that.

I, I said, your Glassdoor reviews are pretty shitty.

Like recently.

Well, no, you asked a more, more reasonable question.

You said it's all been, okay, great, Bitcoin's up.

This is your stock prices up, but like what have been the downsides, which I think is a perfectly reasonable question to ask.

And he was just like, well, there are no downsides.

And I was like, well, that's like objectively false because there's, there's, there's some people they could, they're anonymous and it's Glassdoor.

So that doesn't hold a ton of weight, but there's a lot of people in the reviews that say that this is crazy and that your products are failing and you're doing this to distract that.

Like what are the downsides?

And he, I think he, he kind of dodged the question and I couldn't get the truth out of him.

And because of that, I'm like, if I can't trust something so obvious or if someone can't give me a straight answer on something I feel is so obvious of saying like, yeah, look, there's a ton of upside, which I've discussed, but here's some of the downsides.

And in my head, I'm like, well, I, can I believe anything you're saying?

Right.

Once you are, um, once you are not reasonable or rational about one thing, I can't fully think you're reasonable and rational about this other thing that you're telling me about.

That's kind of what you're saying.

Yeah.

How do you do anything is how you do everything.

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And I also think that anyone who brags about how rational they are are some of the least rational people.

Um, I don't, which, by the way, I don't think he bragged about it.

I think it's like when you ask him, you know, this person says, this back.

That thing about it.

He's like, well, I just think it's a clear because of this.

This is true.

That's a rational thing in my opinion.

I don't think he was.

Yeah.

He never claimed.

He never said that.

Correct.

But he said like, well, this is, this is an incredibly rational decision.

I don't see downsides.

And I'm like, well, we're naturally not rational.

I'll defend his, I'll defend, by the way, I spent most of the podcast, basically, even though I'm a huge Bitcoin bull, I spent most podcast, podcast, bringing up things that a critic of his strategy and a critic of Bitcoin would say just because I wanted to hear his answers.

But in general, like, I get what he's saying that look, we bought \$2 billion worth of Bitcoin.

It's gained 3 billion more.

Our stock price is up, I don't know, 4x since we made this strategy change.

And you're asking me like, how do my employees feel like they feel great?

Our brand just went up 1000X.

People know what micro strategy is now.

They didn't know what the hell it was before.

Our stock price is up, our assets have gained a lot more value in our assets.

So what are you talking, he was basically like, there's no downside, that's all upside.

So I get that.

But he didn't, you know, give you the inch that I think most, most reasonably people would do was just to say that, yeah, everything has its tradeoffs.

Maybe like, he could have said, it was really complicated to go through the process of being the first public company to make this huge Bitcoin purchase.

And so that was a huge, just, you know, regulatory and legal, you know, like mess, we had to walk through, but I'm glad we did.

Or like, you know, there's always some people in the company that disagree with the decision.

And so they, you know, they haven't, you know, they're no longer with us or, you know, they've had to get on board with something that they didn't see as was the right decision.

And that's always tough.

Whenever you have strong minded people, you're not all gonna 100% agree with a radical strategy.

He could have said any of those things, he didn't.

But that doesn't make me personally distrust him.

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I think for you, that was a turn off.

I don't want to, like I said before, this is all knee jerk.

It just happened.

So I want to be careful of my words.

If I said distrust, I actually, I take that back.

I don't entirely mean distrust, but I mean that there's something going on that I had this gut feeling that I can't just believe what you're saying.

And I want to go and, and this should be the case all the time.

I want to go learn on my own.

Right.

I think it's all pretty above board, which is that he's basically bet his entire company on Bitcoin now.

They own \$5 billion of Bitcoin.

The company's worth \$7 billion.

And Bitcoin, you know, so obviously, and his objective, his stated objective to us coming on was to communicate the nature and virtues of Bitcoin to the audience and leave them excited about the opportunities that Bitcoin offers.

So he wasn't, there was no bait and switch.

He said what he wanted to do.

He tried to do that.

And it's clear that he is incentivized for more people, companies and individuals to buy Bitcoin because he is maybe the largest holder of Bitcoin in the world.

I don't know what I don't know what Satoshi's stake is worth now.

Everybody, maybe check that out.

Does he have more Bitcoin than Satoshi?

He, I don't think so.

But I think he said, I think the podcast, three billion at one point is three billion is his gain.

They own \$5 billion worth.

So what is Satoshi's statement?

Either way, he's one of the top five Bitcoin whales in the world.

He clearly wants Bitcoin to go up and wants more people to adopt it.

To me, that's like, you got to have a natural discount of what somebody's saying when it comes to, when they are highly, highly incentivized for you to invest in that same thing.

That doesn't mean he's wrong or he's like doing anything dishonest.

It's like, you just have to know that, Hey, this guy's clearly, he believes it.

He has high conviction and he has an incentive to make other people believe it too.

I pray you, what did you think?

I mean, I think I, I'm just quaking in fear right now.

Say what you really want to say.

Let's not, let's not say what we believe.

I will say that I, for the most part, agree with what you guys said.

I mean, talking about Michael himself, like super intelligent, but professorial, he like,

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he doesn't make for a great guess.

And you see this on other podcasts as well.

Like when Joe Reuben has like, some over now, like super intelligent, like scientists on sometimes they're, you know, they're, they, they just want to go on about their field and their studies.

And so they, those don't make for the best guess.

Yeah.

Which is kind of sad because, you know, from my point of view, my, I guess we both walked away from the podcast feeling a little disheartened or, I don't know, like whatever, but we didn't, we didn't feel like we, we had a slam dunk.

I think you, for a different reason than me, for me, it was just, I didn't think it was highly entertaining for people.

And I'm kind of bummed about that because I actually think it's a super fucking, I think he's a super fucking interesting guy, has a super interesting life and business story.

And also what he's doing with Bitcoin, I think is super interesting.

So somehow, despite there being an underlying like substance that is super interesting, I don't think it got communicated.

I almost wish I could just do a billy of the week segment, just explaining everything

I know about Michael Saylor doing the research for this interview.

I think that would be way more entertaining than what actually happened when he came on and was basically talking about quite technical, you know, economically technical terms that I think for most people they're not going to resonate with, it's not going to click and doing it in a way that was sort of like, it didn't feel like somebody who was trying to break it down and make it more accessible.

It was just like, this, it is what it is, and I can sort of explain it in bits and pieces to you if you want.

And if you don't see it, you're crazy, you know?

One of the best parts was towards the end, Sean, when you like took a few minutes and kind of explained what we just talked about on a high level, I thought that was like the easiest part to digest the whole thing.

And that should have been more of what the podcast was, and unfortunately it wasn't.

And it wasn't for a lack of research as far as like the interview not being that great.

Like we put, you guys put a ton of research into this.

I think sometimes just the guest personality doesn't make for the best podcast.

Well, I think people can listen to it.

It's an hour long.

I want to say I appreciate him coming on.

Michael is a big deal.

I definitely appreciate him coming on.

Maybe we can have him on another time now that we kind of like know him a little bit more.

But yeah, I'm sure I have for themselves, you know, actually, it'll be kind of interesting because we're going to leave this in, by the way, like the whatever our discussion about

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it.

And I hope I hope it kind of gets received as what it is.

This is a instant hot take reaction to something that we're really excited about.

Then it happened.

We're giving a quick reaction.

I think, you know, Sam basically didn't see the kind of the Bitcoin bull case as black and white as maybe put it first of all.

Like let me just say that I what I my opinion of him is totally separate of Bitcoin.

I would say I'm a I'm a I'm a huge novice.

I'm not an expert, but I felt that he was actually he was a poor representation of it because there's something about it that I'm like, oh, I don't know if I can trust this.

Right.

Because he's representing it.

You weren't buying what he was selling.

I don't know.

I don't know how to put it, but nothing no attack on his character.

You just didn't walk away from listening to the guy for the hour and you didn't fully buy in it.

Like we do sometimes with certain guests where they start to explain what's going on in their field or their business and we walk away saying, shit, that guy knows what he's talking about.

And like, I totally agree with the way the world is going and I want to invest in that guy's company.

You know, that's sometimes the way we feel.

He didn't persuade me if that was his goal.

I don't think it I don't think goal was not achieved.

Can I give people the like I'm going to can I try a three minute like Billy of the week segment on this guy real quick?

This is your podcast.

You do what you want.

Yeah, go for it.

I mean, are you interested?

I don't know if you're interested.

Okay.

So let me just do it.

Here's here.

Okay.

Michael Saylor to me is, you know, more than the Billy of the week, he might be the Billy of the month.

Okay.

So here's some cool things about him that I found doing some research for this.

So the guy's a badass.

He, you know, graduates first in his class in high school valedictorian.

He's voted most likely to succeed.

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He goes to MIT on a like, you know, ROTC, you know, scholarship.

He goes to the Air Force.

He wants to be kind of like a fighter pilot.

And you know, eventually, like, you know, he, I think for whatever reason, he, he wasn't going to be able to be a fighter pilot.

I think some, he didn't pass one of the physicals or something like that.

And so he's like, you know, because they have a very strict requirement for that.

So anyways, he decides at 20, he's, he's, he's working at DuPont.

I don't know if you knew this part Sam, he's, he works at DuPont when he's like right out of college basically, and he's doing simulations for DuPont and DuPont's trying to make a billion dollar decision, should we invest in this or not?

And if anybody's been in a big company, you know that when an executive is trying to make a case for, when the executive wants to do something, it's sort of their pet project.

They don't really want the simulation to be this really objective case of pros and cons.

They're kind of just want some data to support what they already want to do.

So they can go get a billion dollars of funding to go do the thing they want.

And so he builds the simulation and the simulation basically says, don't do it.

And anyways, he ends up just like leaving DuPont, he's like, I don't know why the hell I'm at this company.

They just, they didn't even want the results of the simulation.

They just wanted me to say what needed to be said so that some executive could go pitch their case.

So I'm leaving this place.

And the executive is basically like, hey, where's that kid who's doing that model?

I need that data.

And he's like, he's like, and they're like, he left the company, he quit.

And so the guy's like, go hire him back, give him what he wants.

And so they go to him and they say, hey, we want to hire you back and we'll give you more money.

And he's like, I don't really want to work there.

So I don't want more money.

And then the executive's like, give him more, we'll give him whatever he wants, just give it to him.

And he's like, well, I kind of want to start my own company.

So why don't we do this?

You give me a quarter million dollars.

And I want to hire some of my colleagues from DuPont.

I want to hire eight to 10 people from there.

And I want you to be my first customer.

So I want you to give me a few million dollars worth of contracts to do work for you.

And I'm going to start my company MicroStrategy, which does the same simulating thing for companies.

And you'll be my first customer.

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So pretty badass negotiation.

He goes and instead of being an employee, he basically gets DuPont to seed fund his company and become a multimillion dollar customer for him.

So from there, he's 24 years old.

That's MicroStrategy, how it starts.

Basically what they do is like, what's called business intelligence or executive intelligence.

They take all the data you have.

So like your Victoria secret, you have all this data of purchasing and all your stores all across the country, MicroStrategy goes in and says, hey, you're carrying the wrong sizes.

You need bigger bras in Chicago than in New York.

So if you rebalance your inventory, you're going to save all this money.

And there's data, you're just sitting on this goldmine of data.

You just don't know how to analyze it.

We can give you intelligence from this data.

So he does that for McDonald's and for Victoria secret and all these different companies.

By 34, he's a billionaire.

The company's public.

It's worth 11 billion dollars.

He owns the majority of the company owns over 50%.

And he's doing his thing.

Now, over time, 2003, 2004, stock price crashes from \$333 a share to 42 cents a share or something like that.

And he goes through that whole transition.

He's been the CEO of MicroStrategy for like 30 years.

Like literally I was born in 1988, Sam's born in 1989.

He's been the CEO of MicroStrategy since 1989.

That's pretty wild.

And more recently, MicroStrategy has been flat for like a decade.

Stock price is not really going anywhere.

Business is profitable.

He's got \$500 million of cash in the bank, but the stock price is not growing.

And he's like, \$500 million, I think personally, he said, no, I think in this case, it was the corporate treasury who had about \$500, 600 million dollars.

He owns the majority of the company.

I think he owns currently.

No, I think, I think in the podcast, he was like, I have whatever he's basically he was incredibly wealthy and the company was great.

He's incredibly wealthy and the company's incredibly wealthy.

If he basically comes to this realization during the COVID crash, and he's talked about this on other podcasts, which is it comes to this realization that wait a minute, if the money supply, you know, we hear about government stimulus, we hear governments printing \$2 trillion, \$6 trillion, \$13 trillion total, the money supply is increasing, which means

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if you had \$500 million in the bank, if you go back and look, it'll still say \$500 million, but it won't be able to buy you as much as it did before because there's all this trillions of new dollars in the money supply.

And similarly, like people have been wondering during COVID, wait a minute, all the businesses are shut down and people are locked in their homes.

Why are all the stock prices at like all time highs?

What's this disconnect between Main Street and Wall Street?

And what he's pointing out, I think, rightfully so, is that when you have all this money printing, assets inflate, basically assets like companies inflate.

So that's why the stock prices are going up.

It's not that, you know, Zoom or, you know, Zoom is a bad example.

It's not that Apple is making all this much more money than they were three months ago.

It's that Apple stock is more of a hard asset to own versus just keeping cash and dollars, which is getting printed and diluted essentially by the government, right?

So long story short, MicroStrategy goes out and they basically do this aggressive strategy to buy a quarter billion dollars of Bitcoin.

They're kind of the first public company to go do such a bold bet.

And then he keeps buying Bitcoin more and more and more.

He's basically bought two billion dollars of Bitcoin.

So first he took all the money they have, the majority of the money they have, and they bought Bitcoin with it.

And he first announced it and he told his shareholders, look, we're going to buy a bunch of Bitcoin with our cash.

If you don't want to hold our shares, we'll buy your shares back from you if you don't like that strategy.

So they bought 60, 70 million dollars back.

They use the rest of the cash to buy Bitcoin.

Then he starts issuing debt.

He goes and he raises 500 million dollars.

He goes raises a billion dollars of debt from the public markets, takes all that money, buys Bitcoin with it.

So since then, he's basically put in two billion dollars.

He's gained three billion dollars and he has a total stake of Bitcoin of five billion dollars, which I think makes micro-strategy a top five owner of Bitcoin in the world.

Just behind Satoshi and maybe a couple others.

And since then, famously, Elon tweeted out something about Bitcoin.

Michael Saylor responded saying, hey, from one rocket scientist to another, let me explain to you why we did it and you should too.

But a few months later, Tesla goes and buys \$1.5 billion of Bitcoin.

So he's kind of was ahead of the curve on this stuff.

In addition to that, some other cool things early on in the dot, he sort of identified early on that the internet was going to be a big deal and bought a bunch of domains.

So we spent about \$2 million buying domains like alarm.com, wisdom.com, strategy.com,

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Michael.com, Mike.com, angel.com, courage, hope.

And he owns all these premium domains, one word, English word domains.

And he has since sold or created businesses under those domains for over \$100 billion.

So he turned to \$1 or \$2 million, \$1 or \$2 million, sorry, \$1 or \$2 million domain purchases into over \$100 million of value.

He also has this thing called sailor.org, which is just like a free education.

It's just a free university.

And he said, since 1999, they've had over half a million students in it.

So he's done a bunch of cool shit.

And I think is like a pirate of the best kind, like super smart technologist, super smart business guy has just been in the game for so long and is doing pretty radical things.

So that's why, you know, I think this guy's a baller.

Unfortunately, I didn't feel that all that came through on the podcast, but you know, I'm a fan.

Well, I think Michael and his team will reach out and say thank you, Sean, because I think that you did an awesome job of, you did a better job of showing, showing off him than him, which is cool.

And I think, I think you're just, you're just better at storytelling.

So maybe, maybe, maybe people will have the same opinion after this interview.

The part that I kind of was like, I don't know how I feel about this.

It happens like probably 15 minutes left in the episode, maybe a break you or someone will market and you guys will be able to hear for yourselves.

But I think Sean, you're just really good at this.

And I guess we'll see.

This episode is going to be weird.

I wonder what the people are going to say.

I guess we'll find out.

Yeah.

Same.

All right.

All right.