

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

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.

Basically, he stood up during the pitch and he's like banged on the table and he's like, you guys don't know anything about advertising.

There's people with like 20 years experience at Google working on this and you just looked this up on the internet like five minutes ago and you think you could come up with better advertising company.

You will never raise a single dollar of funding.

That's my friend Jack, co-founder of Vungul, describing his first investor pitch.

It's not exactly how you want it to go.

So how's the company doing today?

Private equity firm Blackstone is set to acquire Vungul for an undisclosed sum that is hotly rumored to be 750 million US dollars in cash.

Jack, man, I appreciate you coming on the show.

I've been excited to have you on because every time I meet you, you are up to some new company, some new experiment, some new kind of clever thing.

I would call you sort of, you're the most clever guy I know in Silicon Valley.

I asked some friends the other day, I was saying, if we had to nominate one of us to go on a game show and you don't even know what the game show is, but you want, you're going to need some set of skills to win it, you're going to have to, maybe you have to be good socially, physically, you have to be clever, solve puzzles, whatever.

And you know what?

I feel like you would be my pick because you are very clever and it seems like whatever system gets put in front of you, you end up cracking the code.

And is that fair?

I mean, is that surprising to you when I say that?

No, I'd like to kind of think along those lines that just like trying to have whatever system is in front of me, like I do think about like game shows and stuff as well.

Like how could you reverse engineer the balls to them, I think.

Yeah, exactly.

So we're going to talk about a couple of the things that you've built.

So for people who are listening, this is Jack Smith.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

He is an entrepreneur and a friend of mine.

He has started a bunch of different things like sort of called the jack of all trades because he's got his hand in all different types of projects, either starting the company, advising companies, investing in companies, that sort of thing.

The biggest success is a company called Vungul, which is an ad network that's doing hundreds of millions of dollars in revenue, despite only raising, you know, by Silicon Valley terms, a small amount of money, about 25 million they raised and they're doing, you know, north of 300 million in revenue.

So very impressive company.

But I'm going to talk a little bit less about that, not just because it's an ad network and ad networks are not the most fun things to talk about, but mostly because I think Jack does a lot of other interesting stuff.

So Jack, when I was growing up, I thought that if you, if you had a million bucks, that meant you had like infinite money, you had all the money.

And so that number of million was always, you know, top of mind for me.

And so my goal is to find out, you know, from people, all the, you know, the different crazy things that they get up to in order to make a million bucks.

And what I want to actually know from you is, you know, I want to rewind the clock.

So before Vongole, you're 15, 16 years old and you start your entrepreneurial journey.

What was some of the early days, things you tried to do to make money?

And was that even a, was that even a priority of yours?

Were you trying to make money or were you trying to do something else?

Yeah.

I mean, I never actually obsessed about money very much, but what I do value is freedom.

And I think that money, and I also like to try and be like successful.

And I feel that just like money is just kind of the barometer by which we measure success.

Like if I was a sprinter, then I'd be trying to get the best time in the hundred meters.

But because I'm kind of an entrepreneur, then that's why I was focused on money.

Probably the first thing actually that I did, like as a business idea that I can remember,

I think I was probably like eight years old or something.

And basically I was, I had just been playing in the local park.

And then I found that there was this kind of seed on this tree by my house that you kind of open it up and had all this like dust inside.

And it was kind of pretty itchy if it got on you.

And so basically I just picked loads of them with my brother and I sold them in the playground as like itchy bombs and I told people like put this down someone's back and they're going to get really itchy.

And then I think I sold each one for 25 cents and yeah, I got quite a lot of like people from people's older siblings and stuff were coming to buy them from me in the playground and stuff.

So that's probably the first entrepreneurial memory I can think of.

Okay.

Well, did you have a name for them or were you just calling them itchy bombs?

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

Yeah, I just branded it as like itchy bombs.

Okay.

So you started off with that and slightly evil, but I like it.

And so where did you go from there?

You're eight years old then and just to give people like the kind of context, how old are you now?

I'm 30.

You're 30.

And how old do you look?

Probably like 13.

I was trying to imagine you at eight and I was like, it's not actually that big of a jump from how I see it today because you got a sort of the baby faced assassin.

So, so what did you try?

What did you try next?

Well, what were some of the other notable experiments or attempts that you made?

Well, when I was, I think around 12 years old, all of my life I'd been getting not a massive amount, like a small amount of pocket money, like allowance.

I think about like \$2.50 a week, maybe \$5 a week maximum.

And then when I was like 12 or something, my parents said, okay, if you want to keep getting your allowance, then you're going to have to start doing more to help out around the house.

And then so they said, all right, here's the stuff you're going to do, you've got to do like the dishes and like tidy up and et cetera, et cetera.

And then so I said, like, okay, well, why don't you just, I don't want to do that stuff.

So just stop giving me an allowance and I'll just figure out how to make some money myself.

So I was more found in the freedom than the money.

And then so basically at the nowadays, they're very popular at the time, it was slightly smaller, but these websites like Upwork, which just IPOed a couple of months ago, like Upwork or do.com.

Yeah.

Yeah.

So basically I just went on those sites and so as a worker, I bid on projects and I bid on them even lower than like the guys in India and stuff, because I'm like 12 years old.

So any money is a lot for me.

And so basically I bid on projects that I didn't even know how to do them.

And then basically I just learned how to do them.

So basically people were paying me to learn.

And so were you like, were you like a naughty kid or what?

Because I think most kids don't sort of look at their parents and say no deal when it comes to like the allowance for chores trade.

And so you were willing to do work.

You just didn't want to do that work.

You wanted to do other things.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

I just, yeah, so I'm not really naughty.  
I just don't like being told what to do.  
I think that it's just something somehow in my personality.  
I mean, I can remember as well, I think I was age three or so.  
And I had a, let's say like a sippy cup, you know, like a baby's drink their milk out of these baby cups.  
And then so my parents were like, hey, you're getting pretty old for this now.  
So we need to get rid of it.  
And I was like, no, this is, I like this.  
And so they're like, all right, what if we bought the cup off you, bought off you \$5 for the cup.  
And then so I remember thinking just like, wow, this guy's an idiot.  
This cup is worth, wait, this is not worth \$5 like I'm ripping them off.  
And then so I was like, I did the deal and I was like, okay, you can take the cup and then I'll take \$5 for it.  
And so I felt like I was ripping them off.  
But then the next day I was like, actually, I want to, I want the cup back and I just buy it back from you.  
And they're like, oh, we already threw it away.  
But I think like that kind of just shows that my parents kind of, even from an age just got the strategy that I didn't like being told what to do.  
But if it was like a business deal or something, then I was like more rational.  
Right.  
I'm thinking, yeah.  
Nice.  
So the first acquisition offer was \$5 for the cup.  
Yeah, exactly.  
Very good.  
Okay, cool.  
So you started bidding on your answer.  
What type of stuff were you doing then?  
Because you have, you're not an engineer, right?  
Yeah.  
Are you technical enough?  
Like do you code at all or?  
Yeah.  
So like, I'm not an engineer.  
I'm just like a crappy engineer.  
So like I can code some stuff, but like if I was speaking to like a Silicon Valley engineer, then they'd quickly find out that I'm a fraud.  
But I can do like designing websites, Adobe Flash was big at the time.  
And so I knew like basic stuff on there, very crappy designer.  
So I could do like basic design stuff and then kind of like 3D modeling and stuff like

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

that.

So I could work on any project and then I could like deliver it.

It wasn't going to be great, but like I'd figure out some way to, you know, do a basic version of it.

And what were you charging at the time?

Because you said you were going, you're trying to undercut even the sort of cheap Indian labor.

So what are we talking?

Maybe like \$100 to \$250 for a project, which could take multiple weeks.

Okay.

You've done so many different business.

I know, I know, I personally know of five different things you've done.

What's your sort of formula for thinking of these like business ideas that you think might work?

Yes, kind of, I mean, on a smaller level, like a hacky level is kind of exactly what you described.

I was talking with someone else before and they asked like, oh, what's your favorite productivity hack?

And I think like I myself do this as well, but with kind of like over glorified productivity nowadays, kind of have like a lot of productivity porn.

Like these articles saying like, you know, the best way to be productive is intermittent fasting and use this to do the stuff and blah, blah, blah.

I think actually most of the successes that I've had have actually come from when I've maybe been like procrastinating, because I think you can have all the productivity tips in the world.

But then if you're being productive, working on the wrong thing, then you're kind of being a busy bee, but with your head down, you know, not looking up to see what's around you.

So I think that kind of allocating time, or at least just not being embarrassed about procrastinating and discovering new things on the internet is there's so much just unlimited things to discover online.

I think that is how I discovered lots of opportunities for me is whether it's just like reading different tech news.

So like a lot of a number of breakthroughs for me have come just by one, reading tech news, but then like to actually actioning on it.

So if I'm reading news and I see something interesting, just reaching out to the company or building a relationship with the, so give me an example, give me an example of one that comes to mind where you were sort of strategically being, you know, giving yourself open space. You were just browsing around, maybe on the internet and something caught your eye.

What's an example?

As you said in the intro that I'd like found a bungalow and then left around when we'd raised the series B sort of time and I was planning to take some time off because I was pretty burned out, to be honest.

So I was thinking to take a fair bit of time off, but actually just one or two weeks after I left, I was just reading hack and use and then not the number one or two or whatever

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

article that you know that those often get a lot of attention, but actually on the second page of hack and use, I just saw this post and it was two guys just saying that they were at idea stage and just test testing out this idea that ended up becoming ship SHYP. And so I just reached out to them and I said, like, Hey, let me know if you just want any help with your pitch deck or whatever, I'm happy to be helpful and then ended up meeting them and we got on really well and it very quickly spiralled within a matter of days that they were like, Oh, do you just want to join as a co-founder?

With hindsight, probably would have been better as an advisor because they had a very strong relationship together.

They were living together and it worked together.

So I was kind of a third wheel, but it was very interesting experience, nevertheless.

And yeah, that just came from procrastinating.

I was just reading hack and use saw something that I an idea I thought was cool.

And then I'm found the guys email address and just send them an email.

I'm amazed you went to page two.

I don't know anybody that goes to back to this screen for custom making.

Yeah.

I mean, I go to the show tab on hacker news where people are just showing a project they built.

I find that way more interesting than just kind of people posting news or blog articles because I want to see what people are making and they're just posting demos basically, which is really awesome to check out.

And that's kind of one of my secret, secret spots to go for kind of interesting stuff.

I think over time, I've figured out, you know, on Twitter, I got these lists that are like, these are my gems, hacker news, the show tab.

And I have like four or five of these different little, you know, it's almost like deal flow, but it's basically like just creativity flow where it's like, I go here and I get inspired one out of every 10 times, I find something amazing.

And maybe nine out of 10 times is just junk, but I need that versus just, you know, otherwise I'll just go on Instagram.

And then that's sort of like junk food for my brain.

And so I have these little pockets on the internet that like I get cool stuff from.

Do you have like, do your pockets like that?

Well, I mean, relevant to that is that Dropbox launched in the hacker news show section through Halston.

I think it's only because a solo founder announced his Dropbox idea in the hacker news show section.

You can actually still see the post online.

And this is another bit to bear in mind is like, if you look on that post now, all of the comments are about how his idea is so terrible, and it's definitely going to fail.

People are like, why do I need this?

I've got a USB stick.

This is a shit idea.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

Yeah.

This Dropbox thing is going nowhere.

So if you'd found that thing, when he posted it and being contrarian and had your own opinion instead of going on one with the crowd, telling him how terrible his idea is, you could have been his co-founder.

Right.

And you, I like how you just reached out of just like, hey, let me know if you guys need help.

Hey, let me know if I can be helpful with X. Because a lot of people I think want to reach out, but they don't know what to say.

Do you have, you know, sort of, is that typically what you do?

You just sort of say, hey, this looks cool.

How can I help?

Well, not how can I help because then, you know, that puts the onus on the other party to have to think for you, and then they don't know your skill sets and stuff.

So for me, I was like, hey, if you need help with your pitch deck, because I knew that they were kind of trying to raise funding and stuff.

And I, so my email was just like a few sentences like, hey, I started this fungal thing.

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And so I was saying, if you need help with your pitch deck, then I'd be happy to be helpful with that.

And my intention was just to be helpful.

I'd advise them over other companies at that point.

So maybe they might want me to join as advisor, but then that kind of resonated with them because I was saying, this is my skill set.

I can help with this.

And then they were like, yeah, actually we do need help with that.

And so speaking of raising money, you have kind of an insane story about how you raise your money for fungal.

Like, let's talk us through that.

So you, you start fungal when you were, how old?

Probably 20.

20.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

And so I'm guessing at 20, you didn't have some like super impressive track record that you could point to and say, hey, trust me with your money, I've done this before, right?

So you're basically new to the, to the scene.

You don't have a ton of connections and you don't have a huge track record.

Is that all correct?

Yeah.

And especially in London, like the ecosystem is a bit smaller than in Silicon Valley.

And so you had this idea and how did you go about getting money for this?

Well, in London, we just tried a lot of different stuff.

We pitched different events and just met anyone we could.

One time I pitched at an event and then this guy came up afterwards and was like, oh yeah, that was a really great pitch.

I would love to get coffee with you guys.

And then he gave us his card and it's like blah, blah, blah, angel investor or something.

And so we went out with him for coffee once and then we went out with him a second time and then, you know, meeting is kind of dragging on and stuff.

And we're like, so like, how much money do you generally invest in companies when you're getting involved with them?

And he's like, oh, no, no, no, no, I don't invest money.

I invest my time.

So that was kind of our experience in London.

One of the one, we got one great, we got one VC fund who the two kind of associates liked what we were doing.

That was kind of rarity, like one, actually one of them.

And then they took us into a partner meeting or a meeting with one of the partners at like six p.m. or something.

And then after like 10 minutes, the guy was like, okay, I got a donut, yeah, let's call thanks, bye.

Because basically we were like so terrible at pitching or I feel so terrible, he basically walked out after like 10 minutes.

And were you like devastated or were you fine?

Yeah, yeah.

Oh, yeah, yeah, we were pretty devastated.

We also had like, yeah, had a lot of weird experiences and then there's one of a guy like, he was just getting started investing, I guess, and he like rented two conference rooms at like a hotel or a bar or something.

And he wanted to interview my co-founder and I in separate rooms.

And we were like, dude, why did you spend money like renting his conference rooms?

He didn't need to impress us.

Like, what were you doing?

And why are you interviewing us in separate rooms?

Super weird.

And then he was like, oh, I want to invest a million dollars.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

And then the next day he's like, oh, actually, I'll change my mind.

So all of this, like, you know, it was not a very established ecosystem in London at the time.

I think it's got better now, but yeah, we're having a very tough time raising funding.

And then basically the big breakthrough came again, just because I was actually procrastinating.

So there was stuff that I was supposed to be doing at my company, but instead I was just slacking off and reading TechCrunch.

And I saw this article and it said, there's this new incubator or accelerator in Silicon Valley called Angelpad.

And they're giving every company that joins \$120,000.

And then at the bottom it said like, oh, and they have kindly reserved one spot or kept one spot for TechCrunch readers.

So if you're interested, just like apply here.

And I said to my co-founder like, hey, look what we're doing with no money, imagine what we could do with \$120,000, we should apply.

And he's like, oh, you know, that's going to waste time.

It's not worth it because they were saying they had like 2,000 applications for this last spot or something.

And I was like, come on, we might as well just give it a try.

Like there's not much to lose.

And so he was like, okay, we'll just give it like three hours max.

And then if not, then we'll just move on.

So basically just recorded a video on my phone of my co-founder and I just talking to the camera, like Tomas, seeing your background, your legend, reserved this last spot where I let you down.

It's my phone number.

This is my email address.

Can you call?

And then basically again, kind of from procrastinating, I'd found this kind of loophole hack on LinkedIn

and where I was able to create an advertisement and target it down to a specific person.

So LinkedIn has his kind of own ad system like Google ad words, but they, I think it was a software engineer, like I think some software engineer had done this as a bug that I found I could set the targeting so specifically, say like job title, angel pad, job title, CEO, that there's kind of only one person who that ad would show it to.

And how did you find that?

You said you just like, you stumbled into this?

Yeah.

So I was basically just LinkedIn had launched a new ad system and I think this is where the most opportunities are is when it's like a nascent platform.

If you're trying to find hacks on Google ad words, there's probably none left because people have like 15, 20 years experience with Google ad words and they've got loads of engineers working on it.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

LinkedIn, this ad system was new, they just launched it.

And so I was just testing it out, like, oh, let me create an ad.

And then it had this interesting feature where you created an ad and you set your targeting like company, Apple, job title, whatever, and it told you on the right how many people your advertisement will reach.

So like 100,000 people or like 50 to 100, but then this actually at a very low level.

So I just thought like, oh, what happens if I create that targeting one person?

So the number on the side said one.

And I tried to submit the ad and in, as you might expect, it said, oh, your ad is not targeting enough people.

So you need to target a wider audience because that makes sense.

Yeah.

Like why would they want an ad?

Right.

So they let you run an ad and target another person.

But then again, just because I was just incurious, I guess, and I like just like trying stuff and breaking it, I was like, okay, well, what happens if I expand the targeting enough to make that number now say two people?

So I tried again to submit an ad that targeted two people this time.

Again, it was like, this audience is too small, like increase it.

And so I kept on doing that one after another and then basically found out that it would let me submit an ad when I had an advertisement targeting only seven people.

I don't know why seven was the number.

Again, probably someone pushed the wrong, perhaps they meant it's 7,000 people and they only pressed seven by mistake.

But yeah, armed with that knowledge, I could now create an ad targeting the one person who I did want.

And then I would put in six randoms who I don't care if they saw the ad or maybe wouldn't even understand it, even if they did see it.

So maybe like a job title, like janitor, like a Chinese bank or something, you know, like in China.

So it doesn't matter if those six people saw it.

And what do you do with this ad?

So I created an ad targeting all of his friends and our connections on LinkedIn.

So basically, again, I'd seen this tech cruncher post earlier in the day, only spent like three hours doing this, creating an ad targeting all his connections saying, and I also found another hack on LinkedIn ads, which was basically at the time, because it was new, all of their ads were manually reviewed, like they didn't have like alternative reviews.

And but the thing is that you could update the ad after it was approved.

So basically, I would create like an innocent looking ad, just targeting whatever.

And then I change it after they approved it, because otherwise they wouldn't have approved it.

So basically, the ad said, it had a picture of the founder of Angelpads face.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

And it said, do you know Tomas, we've got an urgent message we need to get him click here.

And so you click it and it took it to a one page landing page.

And it's basically got the video again, us talking to the camera, saying, oh, we researched you really want this last spot.

And I put my phone number and email address and I put a button just saying quickly to email this Tomas.

And then England's different time zone to America, obviously, basically just went to sleep.

And I didn't really expect anything to come from it.

Just gave it my best shot.

And then was the next day, I kind of forgot about it spinners.

And then the next day, I just came into the office and then I had an email, just a one line email from Tomas.

And it just said, like, I've seen your ad, what's your phone number, and then so he phoned me and is like, hey, is that Jack?

And I'm like, yeah, and it's like, I'm seeing the ad, we can chat, but first of all, take it down now, it's like, everyone's calling me about these ads, he told us later on that he'd been on a flight from New York to San Francisco, got off the plane, he had like close to 20 emails from people saying, hey, have you seen this ad, people, these young kids, they like really want to speak to you.

So you didn't, so this, this is, you know, lesson number 52 of my first millionth podcast, which is don't just put your resume on the desk.

That's not enough.

You didn't just apply to Angelpad, just like the other 2000 companies, you applied and then you spent a few hours kind of messing around trying to get this guy's attention, trying to stand out.

And in a way that I feel like literally only you would have done, you target the ad, you figure out that you can target the seven people, you put his face in it and it says, you know, do you know this person, if so, click this thing.

And you got his attention, he might have, was he annoyed or was he like, was he impressed or annoyed or a mix of both?

I think a mix of both.

Yeah.

He was like, taking down this cause there's trouble, but yeah, you guys are like hustling to, you really want this and you're obviously, as you said, like going, putting him work and thinking outside the box.

Yeah.

When I, when I moved to Silicon Valley, I was in Australia at the time, so sort of like you on the outside of the bubble and I wanted to work at this place called Monkey Inferno, which was Michael Birch's incubator.

I was like, wow, this guy's like a billionaire.

He's built and sold multiple companies and he's got this amazing place where he looks

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

like he just bought a building, decked it out and he's, it's an idea lab where, you know, sort of like any idea you want, you can come and work on it here.

So I thought that was amazing.

But I looked at the job description and it said, like you, you were hiring a product manager.

I didn't even know what that was and it said, you know, you need seven years of product management experience.

I didn't even have seven minutes of product management experience, but I applied and then I was like, okay, there's no way they're going to just like pick me out of the bunch.

So then I made a custom website about, you know, why I'm the guy for the role.

I wrote a letter to him and then even, they got me a meeting and then they kind of blew me off and I started just doing the job, even though they weren't asking me to.

So I would look at all the products they built and I would send them like a PowerPoint saying, hey, here's how I think this product could be improved.

And I just started, started doing the job and that was the only, I only was applying to one job.

I didn't like, I didn't apply to any of the jobs.

I was like, I'm going to get this job and I'm going to go further than anyone else.

And it sounds like that's pretty much the principle you were using to get into Angel Pat.

For sure.

Yeah.

I mean, I'd never even heard of Y Combinator.

We didn't even apply to that.

Like we didn't apply to anything else.

And so you, did you end up getting, did you end up getting the funding from them?

Yeah.

So basically I said, like had seen the TechCrunch post on a Thursday, had the call with him on the Friday, the next day.

And then over the course of the next week, we had maybe like one or two more Skype calls.

At the time, it was only my co-founder and I and we had two or three interns in the office.

And then so a week after the initial call, he said, like, okay, guys, I made my final decision.

Oh, and by the way, like when we'd done the other calls, we told every other company in Angel Pat at that point were amazing software engineers.

Most of them were from Google.

One guy had written YouTube's API.

These other two were like had PhDs in video encoding.

So we knew that was a weakness that we didn't fit in at all.

But what we told to Mars is we said, like, hey, look, you've got 11 other companies all like heavy software engineering backgrounds and you've got one last spot.

And we were like, why didn't you just choose us as just like a wild card?

Like it could be an epic failure or it could be a massive success.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

So that's because our pitch is like, we know what I don't fit in, but at least we can be a wild card.

So you turned the weakness into a strength, basically.

Exactly.

Yeah.

And the other things that we were like, your other companies, they're all really safe bets.

And why don't you have that one wild card?

And so a week after he was like, all right, I've made my decision.

Who's got the final spot?

Let's have a final strike video call.

And we were like, oh man, can't we just do a phone call?

Like we've got our interns here, but do you have to reject us on video?

And he's like, yeah, we've got to.

And so we're on the call and then he's like, I've made my decision and I'm going to take a risk and go for a wild card.

Like you've got the last spot and we're like high-fiving around the office.

And he's like, but if we do this, then I've invested in like foreign companies before and then after the program, they just like move back to their home country and our investors don't like that.

So if you're going to get the last spot, then you have to move to America permanently.

And my co-friend and I, we didn't even need to look at each other.

We've not even discussed that at that point.

We were just like, yeah, there'll be a no problem, that's fine.

And he's like, okay then, well, the program starts on Monday.

So just put the first slide out here that you can.

And so like two days later, I think we just got on the plane to San Francisco.

Amazing.

And that's the company that turned into Vungul, which is the sort of monster of how many people work there now?

Over 200, I think.

And so what was the pitch at the time?

Because we haven't really been talking about the idea.

I'm more interested in your sort of clever hacks and your hustles of how you get what you want.

And I think that is really the more interesting piece to me at least.

But like, what was the idea?

Was the idea at the time we're going to be a mobile ad network?

Or was it?

The idea was terrible.

It would never have actually worked.

Surprised that we actually, as I said, we got in not because of the idea or our backgrounds.

It was just because of our hustling.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

The idea was terrible.

It was an app store where, a cross-platform app store where every app would have a video showing you how the app works.

So it was like an Android and iPhone and PC app store, wouldn't have never actually worked.

But basically when we got to AngelPan, he gave some advice, which really was very compelling.

And he basically said, all right, he said this to all the teams, but we kind of took it on the most.

He said, like, all right, I want you to call, like, 20 prospective customers of yours and don't pitch them your current business idea.

Instead, talk to them and ask, what is their biggest problem in their current, like, day-to-day role in their life?

And so we spoke to different app developers, we went to app developers to meetups and stuff, and we asked them, what's your biggest challenge?

And they told us, we're app developers.

We know how to build an app, but then we don't know how to do the marketing or how to get users for it.

And basically how AngelPan works is they have a demo day.

So the whole program lasts 12 weeks, and at the end, you have a demo day where you pitch to investors to give a presentation.

So basically, there was actually only two weeks left, and we knew what we needed to do.

We needed to come up with a new business idea.

We needed to recruit a CTO because neither of us could code, and you kind of need a CTO type person to raise funding.

And we needed to raise at least some funding, otherwise we would have had to go back to England because we were only there on a tourist visa anyway.

And so roughly two weeks before the demo day, what we did is we just came up with like six different business ideas related to this idea of how can app developers get users.

And we spent like half an hour each creating a super crappy landing page for each one.

And basically, we just spent a day trying to actually sell each idea.

So the first idea, we were like, oh, we can help you get distributed onto different blogs and get them to cover your app.

And then we were like, normally, this is going to be \$200, but we'll give it to you for like \$20 this Thursday.

We met up with loads of different app developers and stuff.

Everyone was like, wow, this idea is amazing.

Yeah, I'll sign up when I get home.

We didn't get a single sale.

Like people just were telling us it's a great idea to get us to go away.

And so we tried a different idea each day.

And then the final day, we actually came up with the idea, I think, I'm not short of certain, but I think that how we came up with the idea for Bungal is that we had been trying to record a meeting that we had with one of our, like, with Tomas, that's you've got an angel pad, where he was getting advice.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

And we were like, is that okay if we record this meeting?

We opened the app and then this like crazy, like Verizon or Coke, like video ads started playing really loudly and we couldn't mute and it was like really annoying.

But then we thought like, oh, wait a minute, instead of advertising like Coke or something, why don't we have the video advertising another different game?

And so we kind of, again, we hadn't written a single line of code with new directors, engineers, but we spoke to the developers and we were like, what if you could have like a movie trailer for your app, like 15 seconds.

And then when another person, when a gamer is playing a different mobile game, they could see a trailer for your app.

And then people, we knew we'd hit the right idea at that point, because people were basically like, oh, wow, I need this so badly.

Like, I want to be your first customer.

Like they knew it hadn't launched yet, but they were like, I want to be first in line when it launches, like put me down for like \$5,000, \$10,000, like people were throwing money at us, even though we hadn't got a product.

And so that's when we knew we got the right idea.

And so, I mean, is that like, is that real?

Meaning that people were that excited?

I mean, why were they so, like differently excited about that than the other one?

And I guess like, how do you know, or how did they know that, yeah, this is going to get me customers?

What was the difference, I guess?

Well, the first one, it's not really getting any, like helping them get onto a blog or something.

That's a nice to have.

So one other investor gave us advice that also, while we were coming up with the idea, that also raised it.

He said, don't create a business where you're curing your customer's itch, like that if you don't exist, they're like, oh, well, it's just an itch.

It doesn't matter.

Your, your, your antidote for my itch is nice, but, you know, whatever.

He's like, create something where it cures your customer's cancer.

And so for them getting onto a blog or reviews or something, that's not really users.

Having like an ad network with video, that would drive them actual users.

And I think they got the idea more because we compared it to the, the current industry incubant at that time, the only real option for mobile games was banner ads.

And so we said, like, look, a banner ad sucks, like they don't get what your game does.

It's a tiny banner.

The users click on it by mistake.

They didn't even need to click it and they don't even know what your app does.

If you've got to have a 15 second video, it's like a movie trailer.

Like they're going to see what your app does.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

And so that will be a much better way to get users, you know, and \$5,000.  
So even though it's throwing money at us, it's not that much money.  
They basically were willing to try anything that could potentially give them users.  
They weren't committing a million dollars.  
They were saying like, yeah, we'll try this out when it launches.  
We'll, we'll for sure give you like \$5,000 test budget.  
So, you know, it wasn't a massive hurdle, but what we were selling at that point was users.  
They didn't like a nice to have was blogs.  
So they were already advertising.  
It was, but it was crappy banner ads.  
And they were thinking, ah, this is like, we can't show them how fun our game is through this little banner.  
And what you guys brought to the market was the video so that they could make a little, you know, a juicy trailer.  
And they were like, okay, I believe more people will come to us than we're currently getting if we do the video.  
Yeah.  
The other bit to bear in mind as well as Tomas, the Angel Pad guy actually had worked at Google for many years.  
And so we've come up with all these different ideas.  
And so we met him during Angel Pad.  
And again, we were super layman.  
So just, I remember drawing on the whiteboard like, I've done some brief reading online. I think this is how mobile advertising works, like it's like, you have an advertising, basically he, he was also, this was like a practice investor pitch.  
So I think he was kind of in the acting mode a bit.  
We made him feel guilty about it afterwards, but basically there was another investor sitting as well.  
Basically he stood up during the pitch and he's like banged on the table and he's like, you guys don't know anything about advertising.  
There's people with like 20 years experience at Google working on this and you just looked this up on the internet like five minutes ago and you think you can come up with better advertising company.  
You will never raise a single dollar of funding.  
And so we kept on writing about that.  
But the reason they worked is it was actually no advantage that we didn't know anything at all about advertising because what it meant is that we looked at things just through the lens of the customer needs.  
So at the time the industry standard for mobile advertising was it was charged on a CPM basis, cost per meal.  
And that means cost per thousand people that view an advertisement, whether that's a banner or a video.  
So it was like, let's say like \$2 per thousand people that see you and we were thinking,

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

we just thought about this through the lens of instead of thinking like, oh, this is just how everyone in the industry does it.

This is the role.

So I guess we should follow it.

We thought about it from the needs of our customer, the app developer.

And we just thought like, wait a minute, they don't care how many people see the video. They just want users.

And so it was a risk like could have totally not worked.

But we said, all right, instead of charging CPM, we'll just charge you, you just pay us for each user that we get you.

So just pay us like \$2 for every user we get you.

It doesn't matter if we get you a user after they see your video once or like a hundred thousand times, we're just going to charge you based on how many users we get you.

And then that, again, was a massive differentiator for us.

And it became because we were naive.

And if we had more experience, we could have just said, no, this is the rules, I guess. Everyone does it this way.

Because it's so simple and it seems obvious in hindsight, but for sure, I mean, that's the way the industry worked.

That's the acronym.

Everybody knows CPM.

And so if you had come at it from the advertising background, you would have taken that for granted and just continued on as is.

And so how did you, you left the company at a certain point?

Was that just, you know, was it, you know, founder tension?

Was it you were tired of it?

You invested all your stock.

What was the reason you left?

Lots of different reasons.

I think like as humans, we like to have a very simple and clean explanation or story to lots of stuff.

Right.

But like, there's lots of dynamics going on in a company.

I think that for me, it was like various things.

One is that after putting in all of this effort, getting to Angelpad and then during the program, like basically sleeping in the office and going all in and not having any weekends or holiday. I was very burned out at the end.

And I think not in a, I was very unhealthy and not in a good frame of mind really, because I'd just gone all in on my company.

And then the important thing as a company scales and you get more and more people is the founders also need to scale as well.

So when there's two of you, you need to do everything.

You need to be the company janitor, the company accountant, the company office manager,

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

everything.

So throughout the time of the company, I was doing everything like marketing, product, all this.

And then as the company scales, you kind of need to fire yourself from those responsibilities and hire people to take them over from you and you become very focused on what you're good at.

The conventional wisdom that's given a lot by investors and stuff like that, they give out, they say the certain rules like Silicon Valley rules, they say like, oh, you should never invest in like family teams.

You should never invest in husband and wife teams.

You should never have one founder be CEO and one be president because then there's not clear line of controls.

People don't confuse.

And so I kind of didn't really take my own advice about breaking the rules.

I kind of just accepted these Silicon Valley norms.

Everyone is telling me.

It was only after I left the company that when I researched at the time, there was only about 20 unicorns.

So companies work over a billion.

Now there's loads.

When I looked at them, pretty much every single one broke one of those rules.

Event bright, it was the husband and wife team, Stripe, they are brothers, Lyft, one of the co-founders is CEO, the other one is president.

So kind of there is no rules in Silicon Valley, but at the time I kind of went along with different investors and stuff telling me.

Gotcha.

Okay.

That makes sense.

I appreciate the sort of the nuance.

And so when you left, you know, at one point, you know, the company's doing really well, but you personally sold a little bit of the stock.

Explain to people who have never been in that position where you have this paper net worth.

That's, you know, it's worth something, but the company's not liquid yet.

And so how did you think about that and how did you actually do that and walk us through how that works?

How do you sell secondary stock?

Yeah.

So I mean, investors often don't want, when you're still working at a company, they probably don't want you selling stock that much.

It's become a bit more normal, but they don't want to do it that much because they want you to be incentivized and like hungry to get an exit so that they can make money as well.

You know, if you sold a load of your stock, then you're probably just going to be more

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

like, oh, just not in any rush to sell, but they want you to be hungry.

But because I'd left, then the company was a bit more amenable to it.

And so, you know, I could do with having a bit of cash to survive on a day-to-day basis.

So my co-founder who was still there just said like, oh, hey, well, there's these other investors who want to invest in the company, but we don't really want to raise investment right now.

Would you be interested in selling a small amount of your stock to them?

And then so I said, like, okay, yeah, that sounds like a good arrangement.

And then the company was all on board with it because there was only a small amount and it wasn't going to be more dilution for everybody.

And so basically just chatted with these guys and it was fairly simple that I just sold a small amount that we kind of just went back and forth, agreed a rough valuation and then like just sold a small amount of reasonable valuation for both parties.

Gotcha.

And so how did you decide, you know, how much you wanted to sell?

Did you want to do investing and create other businesses or invest in real estate or something like that?

Like how did you, how did you think about the money there?

I was just thinking, I didn't want to take money to do investing because I also was confident that the company valuation was going to keep going up.

So I kind of just thought like, what's the minimum amount that I'm going to feel comfortable the next few years at least just not have to worry about how I'm going to pay my rent and stuff and not have to be forced to try and get a salary somewhere.

So I kind of just thought like, let's say that the average Silicon Valley salary is like 80, \$100,000 or something, I just thought like, what's a few years of that kind of salary range that would give me someone to live, but I'm still keeping like 95 plus percent of my stock.

Gotcha.

And you wanted to continue to ride that upside so you found the balance that worked for you. Yeah.

Love it.

Cool.

And the last question I have for you is again, I think you are one of the most clever and sort of outside the box thinkers and it's funny having you on a podcast and in general, you do a great job of meeting a lot of people.

I feel like you meet a lot of entrepreneurs either through the internet or in person, but you're actually kind of an introverted guy.

You're not the sort of loudest guy in the room.

And so I wanted to have you on so that you could tell your story, but also I think a lot of people can learn from you.

The one thing I wanted to know is if you were 20 years old again today and you take out Vongole and you don't have that stock that's going to be worth all this money and you were trying to make it again, you were trying to do something new, where would you gravitate

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

towards if it's a specific project, that's great, but even if it's just a certain space that you're interested in, what would you do if you were 20 years old again today? I would be, again, like reading tech news like TechCrunch or Hacker News or things like this and then seeing what new platforms are launching.

So let's say like you had your BLAB platform, right?

Even after Vongole, one bit I did is I saw product hunt it launched and I think under 200 years or something.

I was like, oh, this just seems pretty interesting.

And then I just started using it every single day.

I just would post new product to it every single day.

So a few minutes of work each day and then quickly I just became the number one user on the site and they had a ranking board and then product hunt just got more and more popular and then nowadays it's like a very established thing, but I had just started very early and you're only allowed to post one product per day.

So I had a head start that nobody else could catch me up with as long as I consistently posted each day and so I just posted each day and then I made it a bit more scalable.

Again, I'm a crappy software engineer.

If I was doing this again, I would just hire someone for up work, could probably get it done for like \$10 or something.

I basically did this myself, but I could have hired someone for \$10.

I created just a script to automatically schedule a post to product hunt each day at exactly midnight.

And that's when the leader will reset.

And then basically I just had a massive list of products and so I didn't have to do any work.

It would just post to product hunt each day and I was the number one user and so nobody else could catch me.

And then because there's a leaderboard, I'm kind of getting free advertising if you like on the homepage.

And then a number of people kind of found me on there and were reaching out.

Sequoia is pretty much like one of the best known VC funds in Silicon Valley.

One of the partners from Sequoia just reached out to me and asked like, hey, can we get lunch just because I think he just found it interesting, like, why is this guy so prominent on there?

And I did the same thing with, so product hunt has become popular.

I also did it with some other platforms.

One was called Whale.

It was like a question and answer site.

That one ended up dying, but you know, if you place enough bets in different places, then one of them might take off and because you're one of the early users, you know, the early users of YouTube nowadays are like hundreds of millionaires, right?

So that's probably what I'd do is like, that doesn't cost any money at all to become a power user on a platform that is new.

## [Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith

And so you have a good opportunity of becoming a number one user.

And then when you've got that, you can leverage that.

You get connections because I was on product hunt, many startups reach out to me all the time, like pitching me, asking, can you help me go on to product hunt?

And then I could have like asked them or transitioned have to be an advisor at one of the companies or if they seemed interesting, try and be a co-founder, the same as having a ship that I described.

So something like that.

Jack, this is why you would win the game show.

You are quick to sort of find the exploits, the platforms that are fast, you know, new and fast, fast growing and you jump on.

I like that.

Very good strategy.

And it reminds me of a framework that I have, which is you don't always have to.

So some people look for windows and some people look for doors is what I like to say.

A window is something where you can see through it.

You know exactly what's on the other side and you can decide, is this worth my time or not?

And it's good to look through windows, right?

You want to look at opportunities and say, is this going to be worth it or not?

But sometimes you got to open doors and you don't know what's behind the door.

But as long as you're reasonably confident that this door leads to four more doors, it's worth going through.

And so I think there's a lot of people out there who look for windows and anytime they see a door, they get a little bit scared.

They don't want to open it.

And it's advantageous to be a door opener and just keep opening one door that opens four more.

And it sounds like what you do with product on is exactly that.

Yeah, exactly.

Hey, so listen, man, we're going to hop off, but I wanted to give you a chance to give people a way to follow you, to contact you, to check out some new stuff you're working on.

This is your opportunity to shout out.

How should the people who are listening to this, how should they get more Jack Smith in their life, which we all want?

Yeah.

My website is just jacksmith.eu.

I've got a blog up.

I haven't posted it in a while, but maybe if more people reach out to me by then, then I can start posting more, I guess.

But that's probably the best way to find me and then links off to my Twitter and stuff like that from there.

## **[Transcript] My First Million / #6 - How This Silicon Valley Outsider Hustled His Way to \$750M Exit - Meet Vungle's Jack Smith**

Awesome.

Great Jack, man.

It's good talking to you and I'll see you soon when you're back from New York after the summer.

Yeah, absolutely.

Thanks for having me on.

And best of luck.

Thank you so much for coming forward to see who else comes on the podcast next.