

[Transcript] My First Million / #83 - How the Koch Brothers Got Rich, Human IPOs and Why Snapchat Might be the Future

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.

Hey, so here's the deal.

At night, I have this weird bedtime routine.

I go to my first million's podcast page on iTunes and I read all of the reviews.

So can you please, after this podcast, or even right now, just hit pause, go and leave us a review.

It doesn't even have to be a five-star review.

Just tell us how you think, or what you think, and it's really important to us because Sean and I look at every single review and we actually adapt to some of the feedback we get.

So please, go ahead and do that.

And also, we have thousands of people who are part of a Facebook group where we talk about the ideas we discuss on My First Million.

If you go to facebook.com on the search bar, just type in My First Million.

You'll see the group.

There's thousands of folks in there who are all schemers, just like Sean and I.

So come and join us.

Sam, what's up?

Hey!

I'm looking at an email that I just got from Milk Bar.

They have a peanut butter and jelly birthday cake.

My birthday's in a few days.

If anyone has a...

If anyone's thinking about me.

Alright, if someone's thinking about you, what should they do?

Just buy me that cake.

What is Milk Bar?

Is this a brand of cake?

Yeah, it started because...

What's that guy in New York?

David Chang.

He started the Mama Fuku bars and they decided to open up a dessert area and now that's

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spun off to its own thing called Milk Bar and they make trendy cakes.

I ordered one the other day.

It's pretty good.

How long does it take for it to get to you?

A week.

Oh man.

See, that's the problem.

I'm never a thoughtful a week in advance.

The day of I'm like, I'm going to do something but I need something that can get done that day.

It looks delicious.

Can we talk about Austin?

Yeah, you're in Austin.

Okay, I've been in Austin for three weeks now.

I'm going to come home on Saturday.

Austin is lovely.

It is a great place.

Sean, is everyone in San Francisco going to leave?

No, everyone in San Francisco is not going to leave.

But definitely some people are leaving.

I'm looking at...

So I have a place in San Francisco, I pay like \$5,000 a month or something, \$4,000 to \$5,000 a month and it's like 1,000 or 1,100 square feet with a garage.

I'm living in a place that's probably \$3,000 a month and it's like a 2,000 square foot house with a backyard and furnished.

I'm like, what am I doing?

Yeah, but the thing is you can go even further with that because when I grew up, I lived in a whole bunch of different countries.

I lived in Indonesia, I lived in China and there it's like, go to Indonesia.

You live like a king.

You can go live in Bali on the beach with a cook and a driver for the same amount you're paying in Austin.

So this arbitrage of cost of living, it really never ends.

So be careful.

Yeah, it's making me question my life.

I look on Zillow all the time for buying a home in San Francisco and the prices are dropping like crazy.

It says like \$150,000, \$200,000 cut off of everything.

Are you going to have to cut on your house?

Hopefully not.

If you're the buyer listening to this, I'm not taking one penny less than asking.

That's my position.

Oh, do you have someone who's going to buy it?

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No, I don't know.

I haven't listed it yet, but soon.

Good.

And so your friends, do you have a lot of friends leaving in San Francisco?

I have friends who were already in the process of it.

This just kind of accelerated it.

So some people just lifestyle wise, ready to go.

Some people when they're like, well, if I'm not working from home and commuting, I don't need to be here.

So yeah, definitely this is accelerated people out.

But it also feels like things are opening back up.

So I think that, you know, things can change.

People can feel differently as soon as life gets a little bit back to normal.

You never know what people will feel like.

So we'll see as things open up.

I'm very eager.

So you want to stop?

You want to talk about some interesting stuff?

Yeah.

You got one?

Yeah, I got one.

So Jeff Bezos, Bezos, Bezos, Amazon guy, he owns Washington Post.

And a few years ago he goes, yeah, I'm going to buy it and I'll let the editorial dudes thing and whatever else I'm going to stay out of it.

But I kind of want to take your guys is they built their own technology to publish their articles.

Like I kind of want to take that and make that like a huge business.

And a lot of people try this and never in very rarely works.

But what he did was, or he didn't do it, but he was somehow part of it.

They've created this thing called ARC Publishing.

And it does a couple of things.

The first thing is companies like me paid money to use it.

But it's really interesting that you and I have talked about this idea.

But what ARC Publishing is doing is they're going to companies like BP, so the oil company that has 200,000 companies.

And they are saying, hey, BP, you have 200,000 employees.

We're going to help you publish newsletters and articles and stuff to your employees, which you already are.

But we're going to help you organize it and make sure it's read, things like that.

And they're saying that in the next year or two, they're going to hit 100 million in revenue.

Wow.

Which means, I bet Washington Post probably does, maybe 500 million in revenue in total.

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But 100 million in this enterprise SaaS revenue would be worth more than Washington Post is. And I wanted to get your opinion on A, that's a cool idea that you and I had been noodling with for a while. And they're just executing it in a really interesting way. And B, the idea of branching out from your main thing to doing more. And it's a totally unrelated thing. In some ways, it's totally a stupid idea. There's an argument to be made. This is just a stupid idea. Never do it. There's an argument to be made that a lot of people do it successfully. So what's your take on this? So first, I've never heard of ARC. So this is my first time hearing about it. Just to clarify, they give other brands or other companies the tools that Washington Post, so they sort of productize their own toolkit. But is it always like the use case you talked about? Like BP has 50,000 employees, wants to publish internally, or is it also external publishing? I think that they're still trying to figure it out. And I think that they're building it for a variety of reasons. At first, it was just for publishers. And then they closed this deal with BP. And I think to them, they're like, huh, maybe that's the way. That's the path. No, I think there's something to that. Because when I started the podcast, I used to go to this podcast studio. You guys built a dope studio in your office. I was going to this kind of rent a studio by the hour place. And I was talking to the guy who did it. And he was like, they had a sports radio station, a 24-7 sports radio station. And then they were like, well, we know how to build the studio. We built one for them. What if we turned a few conference rooms into broadcasting booths and we offered it to podcasters? These hipsters in SF, they love this shit. And so they didn't say that part. And by the way, in San Francisco, there are no studios. They're basically the only one. And trust me, I tried. And it sucked. Yeah. And so I went there and I was like, hey, can I get 11 a.m. tomorrow? And he was like, no, we're booked up from 11 to 3. I'm like, shit, who else?

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Who are the podcasters using this?

And he was like, oh, this is Facebook.

I was like, Facebook.

And he's like, yeah, they have an internal podcast that they do for their employees.

Because Facebook has, I don't know, tens of thousands of employees, maybe 50,000.

I don't know.

But they have managers who come in and record a podcast about managing at Facebook.

And it gets distributed only internally.

And I was like, I never heard of an internal only podcast that had come.