

[Transcript] My First Million / Data-Based Businesses, Executive Briefings, and Spotting Scams with Anand Sanwal

All right, if you're listening to this pod,
that means you're pretty entrepreneurial.
You're like me and Sean,
and I'm actually in this situation
that I'm reading this ad all about right now.
I'm actually starting a new company
and surprise, I'm using HubSpot.
Why?

Because basically when I started
a bunch of my earlier companies,
we had a website, we had an email service provider,
we had all these other systems
and we kind of combined them and duct-taped them
into one service.

But in reality, HubSpot does all these things,
all in one, and it's pretty affordable
because you're not paying for tons of different services.
And that's actually what I'm using for my new projects.
So HubSpot's an all-in-one solution
that connects all the data and all of your tools together
because it's all actually in HubSpot.
HubSpot does it all.

This means you don't have to worry
about the management and cost of multiple solutions.
HubSpot's easy for everybody to use
so your teams can spend more time on what matters most.
Now, I know when you're hearing this ad,
you're thinking, Sam, you're just reading a script.
Well, you're right, I am.

But in reality, I actually use HubSpot
on all my projects, I said it once, I'll say it again,
and it's been awesome.

It's just cheaper to use one thing
that has everything that I need,
and it's significantly easier.

Things don't break because you're trying to connect things
that aren't supposed to be connected.

So check it out, learn how HubSpot can help your business
grow better at [HubSpot.com](https://www.hubspot.com).

I love how even though I tried to pick a non-nerdy data one,
it actually, underneath the hood, was a nerdy data one.

You're like the, you're a data hammer
and the whole world is just little nails

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that you're just trying to hammer with your, you know, like-
But dude, this is the best business ever.

You're burying in the data like a vacuum,
you're the data dyson that's just taking in this data
from everywhere you can.

Yeah.

I feel like I can rule the world,

I know I could be what I want to.

I put my all in it like no days off on a road,

let's travel, never look back.

All right, so I typically give intros.

So you run a, I don't know if you call it software
or a data business, but people pay subscriptions
and your company, CBN Sites, you're now getting close
to a hundred million a year in revenue,
which is like a huge accomplishment,
hundreds of employees as well.

And basically, and this is the part that's kind of hard
to understand for someone like Sean and I,
because we haven't run like really, really huge companies,
but basically when a company that has a thousand people
have to decide what software they have to buy,
like let's say it's just like some customer support software
or payroll or something,
they need to do tons and tons of research
to make sure that the business that they're gonna pick,
the vendor they're gonna pick,
like we'll stay in business
or we'll be around for 10 or 20 years,
things like that, as well as a bunch of other information
and you have crawled through what you call dirty data.
So all this data out there exists,
but you just put it in a bit of software
that make it really easy to digest and understand
so a person can make a right and smart decision
and they pay you like 30 or 50 or \$150,000 a year
to access all that, is that right?

Sounds about right, yeah.

And more importantly, fan of the show
and prolific idea guy before this episode,
before we did this episode, he sent over a Google Sheet
that is 77 rows of random startup ideas,
which just tells me you're one of us.

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So this is great, you made our job really easy.
We have a bunch of ideas we can go through.
There's a few kind of interesting CV insight stories
that you've blogged about in the past,
I wanna talk about, but let's do those at the end
because I think the ideas are gonna be a lot more fun.
Sam, you favorited yours.
Sean, one of the reasons why he's fun,
you said that he's one of us because the idea thing,
that's true, he's also fun
because even though he comes off like this like polite guy
who's like introverted, he's a shithead.
Anand's a shithead, his Twitter is hilarious.
He always, he writes this famous newsletter
to like 500,000 people now and he signs it with like,
I love you.
And in his Twitter, the bio says,
please buy a CB Insights subscription, I owe people money.
And like, he always does like,
he kind of pokes a bear a bunch in his stuff.
So he's got a really cool attitude,
but hopefully we'll get that out of you.
Yeah, yeah, exactly.
My kids were excited that you called me a shithead,
so I appreciate that one.
You're welcome.
Here we go.
Sam, you put your favorites on the sheet.
I put my favorites.
What's interesting to me is we have almost no overlap.
Only maybe two out of the 10 that you put down there
were my favorites.
I had completely different ones.
And so I say we take turns where we say,
tell us about blah, blah, blah,
like the little three-word tagline
and he gets to pitch it and let's react
and let's try to get through a bunch of these.
So we might go on random tangents or drill down,
but let's in general try to go an inch deep
on each one of these for now.
You want me to go first?
Yeah, you go.

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So the reason why I highlight, basically everything I highlighted, CB Insights interests me because basically, you're not coming up with any data. You're just organizing data that already exists in really easy to understand ways and then you're selling it at high fees. And I think that's like the greatest business model on earth. And you've listed out a bunch of ideas, including like six or seven, that were more of these like data things. So you had one in there called sawdustdata. And you have examples. You're like, you can look at what the government does. Like the government has all this data. You can make that clear and easier to understand for people. Both the sawdustdata as well as the government data products. What do you mean by all that? Yeah, so sawdustdata is people create products and sometimes the residue of that product is actually really interesting data. And so that's the sawdust from the data. And so it's basically taking that exhaust. And so I'll give you a couple of examples. You have, and I don't know if these are businesses already, but OpenTable and Resi have all this reservation data. I wonder if you could take that data exhaust and sell it to real estate firms. And they'd be, hey, like reservations are down. This area is not as hot. Maybe this retail space is gonna be on the market soon to this restaurant looks like a dog, right? That might be one area. I think I met somebody who has dog collars like a Fitbit for dogs, right? Five. Yeah, five, right. And so you could take that and probably sell that to pet insurance underwriters, right? So it's like, it's not your core business. It's this residue that comes off of your business that I think you could do interesting things with.

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It's another example, like procurement management system.
So kind of this like esoteric enterprise-y thing.
But if you have all this spend
going through this procurement management system at your company,
could you go and sell that to hedge funds on like,
hey, this company's average contract value's going down
or it's getting a lot more seats sold this year, right?
And so can you take, again, not your core business?
And I don't think companies are really good
at monetizing this on their own.
So it's basically building this platform
that goes to these companies
and build these data products off of their sawdust.
That makes sense.
With the business that Sean and I are
and we're in newsletter business,
like people have all these questions,
but it's kind of broken down into just a few things,
which is just like figure out what content you can give people
that they want to read every single day
and then figure out how to acquire users for profitably.
And that's basically the, that's 80% of the business.
What's like the 80-20 thing for these like data businesses?
Is there, is there, or rather the 80-20
for making messy data, clean data
and make it a product that people like.
The messy data to clean data thing,
that's just like you have to have a pain tolerance.
That's all that is, right?
And so I think this is why,
this is actually, I think why CBI has done well
is like we've had a bunch of valley companies come in
and they want to splash machine learning on it.
And like you just have to get into an Excel spreadsheet
and clean the data.
Like that's just it.
And if you're not willing to do that nasty work,
you're kind of dead.
I'd say the businesses that work are,
I think like my framework is variable skew,
highly opaque, high consideration.
And so I'll break that down.
So high consideration means like somebody's taking risk

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or putting a lot of money out there, right?
It's just like, it's got, there's some skin in the game.
Opaque, meaning it's just hard to find, you know?
And I think if you go into Slack groups
and people are like, hey, does anybody know X?
That's usually an asset class that's like opaque, right?
Does anybody know who a good vendor is for this
or a good software provider is for this?
And then the last one is variable skew,
which is like, like a car is a high consideration software
purchase, but it's not really variable.
Like it's got a set of features,
you can compare them on a grid.
And so the internet's really good for that.
I like businesses where like the variability of the skew
is significant because you can't just put it into a table.
You can't like an iPhone's an iPhone is an iPhone,
but like we launch yardstick, like, you know,
I don't know, a radiology software that uses, you know,
that AI reads radiology images.
Like those are totally different.
And so that's like the framework I use.
And so when it meets on those three,
I think that's an interesting, messy, hard business
that's gonna be a lot of pain,
but like you could build a moat around that.
All right, Sean, you wanna do it?
Oh, sorry.
You had one of your columns.
So I told you you have 77 rows.
So those are the different ideas.
But then you had some columns.
One of them was frameworks or inflections.
And that was one of your things,
opaque, variable skew, high consideration.
The other one you had was tiny, but growing niches,
like, or like inflection,
like it might be time for that to grow.
What is that?
Is that your other one that you look for and ideas?
And we can give an example here of like,
you did this representation media.
So you said, extend the Rebel Girls book

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for other communities.
And then your framework was tiny, but growing niches.
So talk about that idea and explain it with that framework.
Yeah, so Rebel Girls, if you're a parent of a daughter,
you might be familiar with it.
So we bought this book when my daughter was, you know,
three, four, and it's just like one or two page stories
of like famous women in history.
So like Amelia Earhart, Marie Curie, Maya Angelou.
And it's great.
Like it's a really kind of inspiring book,
really cool artwork.
That book is sold, I think 5.5 million copies at like \$20.
So it's like \$110 million.
And that's probably dated, right?
But I think there's like this idea of like,
what I call representation media, right?
I bet you could extend that to, I don't know,
like Hispanic entrepreneurs or like autistic scientists, right?
Like people want to read about
and see examples of success in their communities.
And so I think you could extend Rebel Girls
across a bunch of different things.
And so that's the, I think that niche is growing, right?
Like people, like you get these micro communities
that actually are pretty large
that would love to read about themselves
and receive good representations of themselves.
That's a great idea.
I've had a similar idea because we get gifted some books
that are like, I don't know, like Hindu religion book,
or like those like the kids version or something like that.
It's like the like, and it's like,
oh yeah, if I'm gonna read whatever, you know,
Clifford the big red dog, you know, like is there,
is there something that, you know,
adds a little bit of something from our culture
or religion like makes it easy for me as a parent
to like give them, you know,
something I want to give them
while still being entertaining and accessible.
And there's actually just not much that's out there for that.
So I definitely think if you added up all those little,

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all those little different niches,
that could be quite big.
Yeah, I mean, I think if you kind of un-PC,
if you found a story where the protagonist
was like a little white kid,
like make it a little brown kid,
make it a little black kid, you know,
like modify the story a bit and like that's a winner, right?
Cause like kids love seeing like,
oh, that kid looks like me, that's dope, right?
And so like you're off to the races there.
I don't think it's that, nothing's hard.
It just takes some work, but yeah.
Dude, that's why my wife loves Kim Kardashian.
She like sees them.
She's like, oh, hey, look, they got fat asses too.
Fat, fat a good way, by the way, fat a good way.
When I met the comedian Hassan Minhaj,
he was like doing his live shows.
And I had told him, I was like,
he asked me something and like,
oh, what would you do with my business if you were me?
And I was like, dude, I would stop this like live touring
thing that comedians do.
Like this is so painful.
You're on the road like, I don't know,
40 weeks out of 52 in a year.
I wouldn't want to do that.
I was like, you got to create a Broadway show.
I was like, create like the next Hamilton.
And then that goes on tour, right?
Touring is a great business,
but you just don't want to be the guy sitting on the stage.
I was like, use your creative and comedic genius to do that.
I was like, my kind of big idea for him.
He said, all right, what's the show?
And I was like, ah, dude, I don't know.
Now I'm out of my depth.
And then the next, like a week later,
I just sent him a voice note and I go,
Aladdin, but Aladdin's black.
And then he's like, what?
And that was my whole voice note.

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And then he goes, what are you talking about?
And I go, remember the Broadway show thing?
I go, it's Aladdin, but they don't, it's not like Jasmine
can't marry Aladdin because he's like a poor guy.
No, no, no, Jasmine can't marry him because he's black.
Cause like, you know, her family doesn't approve.
And then he's like, okay, so it's just he's black
instead of poor.
And I was like, hey, look,
when you say it that way, it doesn't sound that good.
But like, I'm telling you,
there's something to this idea of he overcomes
and they fall in love and the love wins.
And he's like, all right, yeah, yeah,
I'll add that one to the list.
And I was like, yeah, that's what he said.
He's like, stick to podcasting, Sean.
Well, yeah, representation media.
All right, can I ask you about one?
This is actually really fascinating.
And actually, I think it'd be a bigger business
than, I don't know if you think,
but bigger business than a lot of people think.
A daily executive briefing email.
Yeah, I don't, I'm not sure how big this one could be.
I think I, I don't know if I put it in the sheet.
I said, you have like a dollar column,
which is kind of like my indication of how big it is.
I think this is like a great side hustle business, right?
So I, when I worked at American Express,
every morning our CEO would get like a briefing
from his chief of staff, right?
Like, you know, here's what capital one did.
Here's what city did yesterday.
Here's what visa did, whatever.
And it was just like basically that person's job
to like scour the internet
and like look at financials and product launches
and all this stuff.
And there was a company that Cision bought
called Bulletin Intelligence,
which I don't think, I don't know how much they're doing
with it, but it was basically that idea.

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It was going to be like your morning chief of staff email.

And yeah, I think this is an awesome business that like somebody smart and industrious can build.

And you, I think if you go niche, meaning like go financial services, because like if you get AmEx, like the CEO of Citigroup, like cares about Citibank, cares about mostly the same company.

So you can reuse a lot of it.

And it's not just the CEO, it's all like their division presidents.

And they're like geography, like, you know, heads and all that stuff.

So yeah, I think this is like, and you know, I'm sure with generative AI and stuff, you could like make this really like efficient. But yeah, I think this is like a tens of millions of dollars business.

No, I think you're way off.

So have you heard of, you guys know Politico, right?

Yeah.

So it's like a news website for DC, all politics, but it's not from like a CNN Fox news perspective.

It's more so like people who work in politics, they read Politico, whatever.

That's not interesting.

What's interesting is that they sold recently to Axel Springer for over a billion dollars.

And where they got roughly nine figures, so a hundred million plus of recurring revenue, when they had this, they have this service called Politico Pro.

Have you guys heard of, not have you heard of Politico Pro?

No, I mean, I know that's a premium offer.

I don't know what's in it.

So basically, I think it's like a thousand a month.

I forget the pricing.

So someone's gonna like get on me, but they had this, they had their pricing, but basically it's for, if you're a lawyer, or if you work in DC and you have to know

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what type of laws are happening at like a real rate,
like who, you know, like,
hey, the Senate is thinking about changing this,
like because we heard this Senator say this
in the news, yada, yada, yada.
Well, anyway, they have these things called pro briefings,
and they send at least one a day,
but sometimes more than one a day,
and it's really fast, short emails,
and that's your briefing of what's happening that day
with like a very, very, very niche thing.
So for example, they have a segment
just for pharmaceutical companies.
So if you're a pharmaceutical and you wanna know
right away what's happening with the new laws,
or if you wanna dive deeper and read about researchers,
or if you just wanna have a conversation with an analyst,
you spend thousands of dollars a year,
tens of thousands a year,
and that's basically what you're getting,
is this briefing as well as a few other things.
They scaled this business to north of 100 million
in recurring revenue, and it's pretty fascinating,
and there's a few others doing that.
And so I think if you could actually pick the right thing,
whether that's pharma, legal,
I don't know what else there would be,
all different types of finance,
I think you could actually build
a really interesting daily briefing business,
and you could even have a user say which companies
they wanna spy on a little bit more than normal,
and I think you could charge tens of thousands of dollars
a year for a subscription like that.
Yeah, you can charge a lot for this.
Like these folks, as long as you deliver quality
in the morning when they need it,
like yeah, they have sort of massive budgets,
and I think Bulletin had Bezos as a customer for a while,
so like he was reading the Bulletin Intelligence briefing
every morning, so.
What's that company called, Bulletin?
Bulletin Intelligence, Cision Bottom many years ago.

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Dude, the reason why I like talking to you is like you and I are some of the few people that nerd out on, there's like all these data businesses out there, so you and I for years have talked about, there's like Informa, which is like a \$10 billion market cap, basically data and trade show business, then there's Euromoney, which we've talked about, another publicly traded company. There's Cision, which like is just kind of an older company that, these companies are just huge and they're just not sexy, so they're not talked about with our circle, but they're crazy fascinating to like learn about these companies because their margins could be huge. Yeah, I mean, it's a build once so multiple times kind of business, right? So like once you build that data asset or that info asset, like you can keep selling it. So yeah, they're great businesses, they're unsexy, which is always good because like then you don't get all the smart people kind of trying to come in and each take your lunch money. So yeah, I like these businesses a lot. You had one on here also that was the pricing data. So it was like, go extract the pricing data from every SaaS tool and go to their website, find the prices, organize all that information for things where it requires a demo quote, like I don't know, send a \$5 an hour employee through that process, collect the pricing data. Now you have it, now you can make that visible where they are hiding it on their website and you basically have a giant, what like a search engine or a database of, okay, if I want to use some email, send software, here's how the prices compare across them. Is that what the idea would be for that one? Yeah, I think the idea there is, I think you start with public SaaS pages and you figure out how to crawl them or just, you know, enter them or something. And then yeah, email service provider, what's the pricing, what are the features?

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I think the real killer there, which is, you know, maybe borderline is like you actually, because a lot of enterprise companies don't put their pricing on their page. So you hire somebody who goes and pretends that they're a customer and gets the pricing. And then that's really, really valuable, right? Because like now if I'm, because pricing's like a dark art in B2B, you're like, yeah, it sounds good, right?

And like everybody's got opinions and nobody has data. So I think you could actually do something really interesting there, like long-term, if you actually called companies and got that pricing or talk to their customers and you get their pricing. That's actually the tagline.

It was the tagline on your website, which is, without data, you're just another idiot with an opinion or something like that.

I think, dude, that's great.

It was great, right?

I don't know, do you guys use that anymore?

We don't use that anymore.

I think we still use, in God we trust, all others got to bring data.

So we'll use that in some way.

Who comes up with this stuff?

This is you or this is someone on your team who's like the witty copywriter?

These are just stolen from other people who are.

It's like a quote.

The idiot wants a quote, I think, right?

I think both of these are like somebody, like some luminary. And we footnote them in small print and give them credit.

Do you think that you guys being kind of silly is a leg up or do people criticize you?

Yeah, I mean, we get some criticism, but honestly, like B2B is so mind numbingly boring that it's great as a way to stand out.

But I tell the team, love us or hate us. You should have an opinion on us.

And so that's the general theme, right?

Because most of it's like pretty vanilla

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and just kind of like jargon-y.
And so yeah, it's been, I'd say, a net positive for us,
but we've lost some customers over stuff
we've said offended them and what?
Like what?
You know, we did a ranking one of VCs once
and we said a specific firm was losing in the ranking.
And it was just an objective thing.
And they were like, we're canceling our subscription
immediately, right?
And what a loser move of them.
Just prove my point.
Oh, you don't want access to data now?
You got your feelings hurt
and you canceled your own data pipeline?
You're like, you're down another peg.
So we've had that and some people don't like,
I think when Trump hysteria was going,
we'd like sometimes put an infographic with him in it.
And like, we didn't have an opinion,
but it was just like, him and Elon Musk,
like if you mentioned them,
it's just like lunatics come out, right?
And so like, and so it's good for engagement,
but it is definitely like a little bit,
it can be odd, like you say something
and people just like, you know, it's a cult
and people don't kind of crazy.
Like you're a really good writer
and or whoever's writing is really good.
And you guys always use things like,
your headlines are really good,
but then there's like just phrases all over,
like it's built into your culture.
Like in your annual review, we're like,
hey, we did pretty good for a company
that isn't lighting money on fire,
like the rest of the VC world.
Or like just like little phrases like that,
it just makes us stand out.
And I think that that makes you have a voice
and you guys are actually pretty good at that.
Yeah, and I appreciate that.

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I mean, I think it's, you know,
it's partly for the external market,
it's partly for the team, right?
Like you're selling B2B software.
And so sometimes that can be like,
you know, if you're 22 out of school,
it's like, hey, that's not super inspiring.
And I don't know exactly what that looks like.
And then once we can show them,
we can have personality.
We're in the tech economy, which is interesting.
So yeah, it works.
You know, we screw up a bunch of things,
but that's been good for us.
If I was gonna go out there and do what you said
of getting all the data and like hiring people to call
and actually get quotes, who would I sell that to?
On the software pricing.
Yeah.
I think you go to product teams at software companies
and say like, you know, or your chief revenue officers
and say like, hey, like, you know,
you came up with your pricing, like, you know,
and here's what your peers are pricing at
and give them like a snippet and give them a taste
and be like, hey, and we have all this other detail behind.
Right.
How much would you charge?
I mean, I don't think you start anything with like CROs
at big companies and like you start at, you know,
20 to \$50,000, right?
Like it's easier to go low than to start low and go high.
You just handed someone listening a pretty solid idea.
I think the thing people do is they underprice.
We did this in the beginning.
Our first CB insights when it started was 395 a month.
And what you actually got was a bunch of people
who didn't know how to use data
who were a pain in the ass, right?
And so it was like your worst nightmare.
It was people who churned quickly, who paid you little
and who were blowing you up on chat all the time for support.
And then I remember meeting a management consulting firm

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and they were like, hey, can you add a couple zeros to the price because like one, your price will look like a joke internally. And two, I don't want to wait behind the guy paying 395 a month for service. So like price is a indicator of quality as an indicator of other things beyond just like the core value of the product. So that was like eye opening to me. Like I was always like, oh, you know, price low and you know, do all that. And like, you know, now we're orders of magnitude higher than we used when we started. That's awesome. Sean, what do you got? Let's do some non-data nerd ideas. So I'm going to pick a different one. Do the college rankings one. Yeah, yeah. Let's do the college rankings one. What did you call it? Broke and busted. Broke and busted college rankings. Okay, so what's the insight here? So I think US News and World Report is sort of like the preeminent college rankings. There's been plenty of coverage about how that's a basic con, right? And like universities do all this sort of finailing to try to get higher in that. You know, I look- How does that work? Yeah, they pay or what is, what's the con? I don't think it's that they paid. I think it's that like, you know, you've got these like subjective criteria, like, you know, student to teacher ratio, right? And so like universities will like massage that data. So it looks good, right? And so like, you know, it's like a limited set of factors and it's unclear how causal those factors are to actually getting a good education, right? And so I think you turn that on its head.

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Well, I think US News and World Report, you know,
I think in like 2013, it was doing like 40 million in revenue
and now it has like, again,
LinkedIn 500 some odd employees.
So I gotta believe it's doing 100 million plus in revenue.
And I'm assuming college rankings is the number one thing.
So I think the thing you do here is
you actually go to graduates of the school
and just ask them for their W-2s.
And you're like, how much are you making, right?
You just took on a bunch of debt.
Like, does this place actually get you a job
that gets you paid or you like, you know,
a server in a restaurant
and you've got like your \$200,000 in debt.
And so I think you reach out to alumni,
go get their W-2s and basically put a ranking together of
here's how much I paid and here's how much I make
when I get out.
And if I'm a parent, I'll care about that.
I'll be like, I don't really want to send my kid to a school
where their prospects for employment are garbage.
And so I think it's like takes all of the,
it's a very singular characteristic.
So it doesn't take into consideration social life
and all that other stuff.
But it's like, I think it's pretty important, right?
Especially you got all these people
like leaving school with, you know, tons of debt.
So that's the way I would do it.
And you'd have to probably pay those students
or ex students a little bit, but I think it's pretty cheap.
And you probably go like, do like New York colleges to start
like start niche, like don't try to be everywhere
right out of the gate, like, you know,
and then build out from like concentric circles from there.
Do you want to, like, I don't know about you, Sean,
but like what is, we're talking about some nerdy stuff here,
but I find it like crazy fascinating
because it's very clear to see the opportunity here.
But what's shocking is like when you say,
oh, I'm going to go get the data.
Someone like me, I would be like,

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well, I got to go like Google it and like find a database.
And you're like, no, I'll just like hire,
like I'll use mechanical Turk you said earlier,
or I'll just hire someone,
or I'll just like make a ton of phone calls
and just doing that stuff.
I can get interesting insights.
Is that really how a lot of this works?
And the beauty of that business is 99 people out of 100
won't do that work.
So like once you built the data asset,
like most people will think it's cool
and they just won't do it.
Like the other one that I like,
which is I don't know if I put on the page is
I was trying to get a pool bill at my mom's house
and like pool pricing is just like,
it's opaque, highly variable and high consideration.
And like I have no idea what to pay for a pool.
Like some kids should just go door to door
at every person's house that has a pool
and just be like, how much did you pay for your pool
and like get the specs and then go find out
and then find out what do they pay for a month
for cleaning and whatever,
I don't know what a pool requires
and like literally build the database of like.
That's a great idea.
Pool's in North Jersey, here's what it costs.
Yeah, cause that's what people Google too, right?
Like, you know, pool cost and then my city, right?
That's a term that people will look for
or even if they're just looking at pool cost,
but you have their city in the headline,
they're going to click that one over the next one.
And then you go back to the pool people
and you're like, hey, listen, I got this pricing.
Next time you want to bid,
you probably need to know what your competitors are bidding.
So like you can sell the data to both sides, right?
But it's definitely like, it's a perfect side hustle.
Like, you know, it'd be like a thing that, you know,
I hope my kids will like just go do this like door to door

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and go get data.

I love how even though I tried to pick a non nerdy data one, it actually underneath the hood was a nerdy data one.

You're like the, you're a data hammer

and the whole world is just little nails

that you're just trying to hammer with your, you know, like.

But dude, this is the best business ever.

You're just moving in the data like a vacuum.

You're the data Dyson

that's just taking in this data from everywhere you can.

Yeah. I mean, I love that business.

And I actually think like not to get off on a digression,

but I think this whole at GPT thing

is actually going to make private data

like that much more valuable because like, you know,

before it was like, oh, I'll give you my data

and you'll just link to me and I'll get Google.

But like, like that's all going away, I think.

And so like having access to private data

is going to be really valuable.

So yeah, I'm extra bull.

And do you look at like, for example,

the pool one is a good one because it's probably not,

the pricing is not probably changing all the time.

Whereas maybe the college one,

you got to redo the data collection every year

in order for it to be accurate.

Like for example, in the content game or the media game,

which me and Sam think a lot more about is like,

if anybody could do really well with evergreen content,

that's so much better than somebody's is doing

what we were doing daily, daily emails

where it's disposable and you got to recreate the product

the next morning, otherwise there is no product.

And so do you think about that when it comes to data, like

either the ease of collection or the longevity

of the collection, like really makes the idea

more valuable versus less?

Yeah, I mean, I think you probably want data

maybe counterintuitively that requires a lot of refresh,

right?

Because like that's what keeps people subscribing, right?

If I can get the data once and it's good for three years,

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it's like, all right, I'll get it, I'll churn,
I'll come back to you in three years when it changes,
when it's actually a little bit more,
when there's a little more volatility to it,
it's like, hey, I need to know what's going on
because like my business might suffer or what have you.
In the case of the pool one,
the pool owner is only going to buy it once, right?
But you know that, but that's okay, right?
Because like you could sell those leads to pool people,
you could sell that to pool cleaners,
like you could do all sorts of interesting things with it,
right?
And so like it doesn't have to be you're selling the data,
you could build advertising and lead gen
and other businesses off of it for sure.
Okay, I got one that there's no way this can be a data one.
A McCormick's Spice competitor.
Yeah, I don't, this one I don't have a lot.
This is like, you know,
I think I have a column called zone of excellence
and this one's out of my zone of excellence.
McCormick's is like this multi-billion dollar spice company.
Oh, yeah, I recommend this.
If you open up your spice, whatever cabinet,
like there's probably like these spices with like a red top,
right? Like that's all McCormick's, right?
24 billion dollar company.
Wow, that's incredible.
And sales?
Market cat.
Wow. Public company.
Yeah, so it's just like, like, you know,
why isn't there like the, I don't know,
the apple of black pepper?
Like I don't really know how to do this shit, right?
But like, like what's the, what's like?
Well, I think for this one, you're right.
You can go either higher end or, you know,
just the more fun looking,
but just branding, packaging, design
and influencer most importantly.
So like who is the, you know, the whatever,

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the Martha Stewart of YouTube that you can partner with that can be the face of a brand like this, right?

Like who has that kind of brand and gravitas that can get into a target or the store shelves at supermarkets to compete with something like this.

And I think that's the way I would go

if I was going to do this.

Yeah, a hundred percent.

I think the thing that's interesting about this, and I don't know anything about McCormick's is like the bundling.

Like, you know, if you buy salt, you need pepper.

If you need pepper, you might be needing oregano and you might need whatever flakes that they sell out there, right?

And so, yeah, you could just keep stamping this out across like every spice category.

But yeah, this is not one, this is outside of my zone of excellence.

So I do in this one, but I like it.

They own everything.

I didn't realize this.

Have you guys ever, have you ever seen this protein bar at gas stations called Tiger's Milk?

No.

Have you ever seen?

Yes, they own this bar.

It's the worst, like it's basically a label.

It looks like it was like drawn by Kenny Powers or like it looks like if Power Rangers ate a protein bar, this is what they would eat.

And it's just like, it's called Tiger Milk.

And it has a face of a tiger.

And it's like the protein bar.

They own that.

They own a bunch of different stuff.

This is awesome.

Yeah, I totally should have, they own Frank's Red Hot, that's my favorite.

So yeah, what a company.

I didn't realize that these guys were what they are.

That's wild, man.

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They were created in the 1800s.
Yeah, I mean, yeah, they're just brand recognition and everybody knows.
I mean, if you go to a spice aisle, it's all of that.
Like they just own the whole thing, right?
So you got to come up with a distribution hack here, but that's, you know, Sean, that's probably more your world than mine.
But yeah, for sure.
Can I ask you a quick question, different from my ideas, but about money?
So I'm not gonna, you can say it if you want.
I'm gonna assume that you own a chunk that you are on paper worth mid to high, low to high hundreds of millions of dollars.
Have you taken any money out of your company or has your only income for the last, I think you said 10 years you've been running this, just been like a normal, mild salary?
Yeah, so I didn't pay myself for the first four years.
So when we raised money then, I basically took my back salary.
And then since then, I've not taken any money off the table.
So yeah, I'm foolishly long or brilliantly long CB Insights.
We'll see how things play out, but yeah, I'm all in.
Were you wealthy before you started the company?
Like did you have banker wealth?
So just-
Now I just, you know, I got married right before I started the company.
I told my wife when we were dating that I don't wanna work at a big company anymore.
And we're gonna like, there's gonna be some lean times.
And so she was down.
And so I just saved religiously.
Like we didn't go on vacations with friends and just like, you know, and it was always like awkward.
Cause they're like, oh, do you wanna go somewhere?
And I'm like, oh, I'm super busy.
But cause I just was like, no, I don't have money.
So yeah, I just saved like-

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I'm busy, I'm busy being poor right now, so I can't go.
Sorry, I'll take the calendar when I'm not poor.
I'll start going.
Just saved a ton of money.
And then yeah, for the first like two years of CBI
just paid for a small team out of my pocket.
And then we started generating revenue.
But-
Wait, why haven't you taken a few million bucks
just off the table, just to make your life
a little bit better?
It would have no material output.
Yes.
And by the way, just so we have numbers,
you basically have only made, I imagine,
middle hundreds of thousands of dollars a year in salary.
Is that right?
Yeah, I mean, I now get paid like a fair CEO salary, right?
So I'm not like, it's not like one of these
big public company guys, but like, yeah, I think
we've been really focused on the business.
And like, I just think it's a giant opportunity.
And handedly, part of the reason we didn't raise
in the beginning was cause I don't think I'm good at pitching.
And I also worked in venture and I didn't like
wanna work for my investor, right?
Like that was always like a very guiding principle of mine.
Like, you know, and I look at S1s of companies that go public
and I'm like, you know, the founder owns like 5%.
I'm like, that's just like, that's a backwards calculation.
Yeah, probably, you know, should have,
could have taken money off over the course of time.
Right now would not be a good time to do that
given where the markets are.
So I figured we'll just keep growing out of this current
sort of malaise that we're in.
And then, you know, opportunities sort of tend
to present themselves.
Even our fundraise was like a customer sent us
a term sheet over email.
Well, tell the story of the,
tell the story of the guy who offered you \$100 million
via DM.

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How did that go?
Yeah, I get some interesting DMs on Twitter.
And so somebody offered a hundred million.
You know, I think this guy was broke as a joke,
but it was still funny.
I said, you know, not interested, not looking to sell.
And I think then the email chain kind of devolved
from there where he was like, you know,
I'm going to build a competitor and put you out of business.
And yeah, it was good.
What's the name?
I don't recall.
I don't recall.
It was like some.
You blurted out of the thing.
I think I blurted out, yeah.
So he sends this DM.
You posted the DM screen shots.
It starts like, hey, here's who I am.
Really interested, you know, in partnering or in acquisition.
Let's talk, please call me.
And then you were like, thanks.
Yeah, not even thanks.
THX, right?
Just like the, the short thanks, not for sale.
Nice.
And he goes, how about a partnership?
And then he just keeps going.
And he's like, here's, how about this?
I'll give you a hundred million dollars for the business.
You are now, your fiduciary responsibilities
is you have to present this to your board.
You know, you know that.
Let's go.
And then you go, you go, okay, interesting strategy.
Best of luck.
And he goes, so do you accept the offer?
And then he, then he devolves into, all right then.
I'm going to create a competitor.
Have you seen this competitor launch?
Is he eating their lunch yet or what?
Surprise, surprise.
Yeah, we're tracking religiously to see when this launches.

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But yeah, nothing yet.
You should, they should DM him back.
Be like, hey, how's it going, man?
I'm curious about the launch details.
Yeah, yeah.
Now that was, that was atypical.
I think most of my, my DMs are, are nice.
But yeah, that one was a little, a little out there.
What would you do with the money now if you sold?
I mean, I think the thing I do is,
I want to build a school of entrepreneurship.
Like I think education is broken.
And so I think like kids should just learn
how to build businesses and not go to college.
And so that's what I do.
And I think there's a bunch of colleges that are struggling
that I could go buy like a, a plot and build like a dope
campus for, for a bunch of like high achieving kids.
And we'll just like go figure.
How, how much would that take?
I have no idea.
I have no idea.
This is like-
But you'll have it.
I've looked into this.
This is my distant dream.
But yeah, I think like, I just read a great book
called the case against education that kind of breaks us down
and it's really interesting.
And yeah, I think it's like,
I think there's an interesting thing to be done there.
And then yeah, I'd love to like do some stuff in India
along that lines.
But yeah, this will be my last true startup.
I've looked into a bunch of,
I have like alerts set for colleges for sale
cause I had a similar dream and idea at one point in time.
I haven't, I now don't want to do this, but it's amazing.
You can buy full college campuses for sometimes single
digit million, sometimes just like 10 to \$15 million.
It's crazy.
Like-
Which ones?

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It has to be less than the replacement cost
of just the buildings and land in these places.
So I am not sure why.
And these are accredited universities.
A lot of them are, they start as just like,
they do one thing.
It's like just cosmetology or just whatever.
There's like those.
Those are really cheap.
Those are like, 1.5 million.
You can have a university or college that does that
all the way up to here's a campus in New York
for this like small liberal arts college
that's not doing so well.
And like, for \$15 million, you could take the whole thing.
And I'm like-
Is there like a marketplace for that?
Is there a Zillow for bankrupt universities?
There should be, but there's this one website
called deal stream that happens to have
most of them that I see.
So deal stream will send me emails of one,
like, multi-campus beauty school.
Here you go.
You know, that just got this email two days ago.
What made you sour on this idea, Sean?
Just like the lifestyle component.
I was like, would I want to actually,
if I was going to do this, it was like,
okay, I'm going to basically go be the dean of this school.
And I'm going to like, basically this will be my baby.
And I will make this great.
And I was like, oh, it's a lot easier to just like,
have a business that I can just do on my phone
and my laptop, you know, four hours a day
and not worry about this and just hang out with my kids
and, you know, have fun.
And so I was like, okay, yeah,
there's an all in version of entrepreneurship
that I'm no longer like super interested in
because that would require, you know,
same thing like I'd rather do this podcast
than go speak at events.

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I think in the last three years,
I got invited to speak at maybe 150 events.
And I've said yes to two of them, right?
Like, you know, so it's like,
you could make good money and grow your audience doing this,
but seems like a lot of work, you know?
I think I'll try to just win the way I want.
Sean, have you ever read the blog post
that Anand made years ago about,
I think your father or someone in your family got sick
and they couldn't run their factory in India anymore
and you had to go, did you have to run the factory?
I have it right now.
His dad?
Yeah, my father passed away in April, 2017.
And so he had a chemical business in India.
And yeah, you know, like he built it over many years
and like I was like, I can't just let it go to zero.
So I ran it while I was running CBI for about 18 months.
The title of the blog post is,
how to manage and sell a company in an industry
and a company in a country you don't know.
And it's kind of great.
It's like a full, like full length,
sort of like, here's the whole thing.
Do you want to tell like the short version of the story
and then people can go read the blog?
Yeah, I mean, so he died on April 17th, 2017.
And as we're going to cremate him,
we're Hindu and that this worker from the factory
comes up to me in Hindi, my Hindi is pretty weak,
but I understand it.
And the worker was basically like,
and you know, what's going to happen to us, right?
And I was like, you know, I'm like a mess,
but I was like, all right, I guess like there is this thing.
And my mom and him basically built this business
over 20 years, you know,
kind of like a small chemical company,
like nothing gargantuan in terms of size.
No, or chemical, what's a chemical?
Oh, it was like a, it's in a sector called fine chemicals.
So it was a raw material that goes into perfumes

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and like flavors and fragrances, right?
And so he built it.
One of three manufacturers in the world
that could make this product is a really finicky product.
And like, I'm like, all right, I guess I got to run this.
And like, my dad was like a mad scientist,
like off the chart smart.
And I'm like, I'm not that, right?
And so, so I'm like, okay, what do I do here?
Like, cause I don't, if something goes wrong
in the factory, I can't help.
So the only thing I can do
is probably try to bring in more business.
So I just went online and like cold called
every large chemical company that's in this space.
And I was like, hey, we make this product.
If you ever need it, like come, you know, come talk to us.
So we had like our best couple of quarters ever
when I was running it and love-
Cause you were doing it outbound
and he wasn't doing any or he just wasn't doing it well.
My dad was just like, he was a sign.
He was like a product guy.
So he's like, the best product will win, right?
And like-
Put this picture up on the YouTube channel
of the blog post where it's the side
of the building it looks like.
And it just says on one side, good quality.
And then there's the giant equal sign.
And then it's just good business.
And that's like, it looks like as,
is that the side of the building
as you approach to walk in?
It's just like, hey, reminder.
I was entering the factory.
Yeah.
Good quality equals good business.
And like times new Roman font.
Oh my gosh, this is awesome.
But yeah, I was just like, I can try to go sell
cause I can't help on the technical side.
The team he had assembled was awesome.

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So they kept the factory running, you know, got, had good sales, people kept reaching out to buy it. You know, a lot of them like, you know, once somebody, once a proprietor dies, like a lot of bottom feeders show up. So I was just like trying to make sure that these weren't those people cause I want to make sure the team landed on their feet. And then yeah, just navigated through it, met a bank, a banker was representing this buyer. They were above board people. And yeah, after 18 months for a while, cause I'm like insanely ambitious. I was like, oh, I'll have like CBI as the data of harm. And I'll have like this industrial arm and we'll build that. And then like, you know. It'd be a fucking tycoon. Yeah. Well, I mean, for, you know, and then I was like telling my wife, I was like, yo, we got to have more kids. Cause like if we want to build, you got to like, you got to have a lot of kids to like take this, take all these arms of this industrial conglomerate up. And she's like, you're insane. And then yeah, like 10 weeks here, or if six weeks here, 10 days in India, like, I mean, yeah, like that was brutal. So then I was just like, all right, I got to sell this. And then was fortunate to sell it. And the team's still all there. And yeah, everything worked out. So what did you sell it for? I can't disclose. A good, I mean, like a good amount. Yeah, it was, it was, you know, I wasn't optimizing for the dollars. I was optimizing for a clean deal to a person who would not fire everybody that my dad built the business with. So, you know, so I'm sure I could have gone to somebody else who had like torn it down and, you know, done other things with it,

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but I felt really good about these guys.
So yeah, I think it like it achieved
non-financial objectives that I think were more important
to my mom and to me than maybe the financial objectives.
This is a really, really good blog post that you have.
And it kind of got lost over the years.
You guys got to share this again more.
Yeah, yeah, I mean, it was, yeah, it was, you know,
the team at CBI, I got to give them credit.
Like, I mean, I was kind of an absentee CEO
for a little bit and they like kept trains running on time.
So yeah, it was, it was, it was a good,
a good thing to accomplish.
I was glad, glad to get it.
You had some like takeaways on the M&A process.
I'll just read the headlines,
but you could decide which one of these
you think you have a strong point of view on
or strong message to deliver here.
So you said, should I have hired an investment bank?
And you were like, I didn't have one.
I represented myself, maybe I should have.
You said, don't let lawyers run the process.
So lawyers are often trying to mitigate risk,
but it's easy to just like have everybody get entrenched
in like, you know, risk management
and not actually have the deal go through.
Don't sweat the small stuff.
Quote, the industry standard is a phrase to watch out for.
So give me your thoughts on one of these.
The industry standard one, I think is like the one that,
like I hate because like people only use that
when they can't justify the term.
They just say like, oh no,
but that's just industry standards.
How we do things, we always do things that way.
There's no such thing as industry standard, right?
Like if it's good for you,
then it's what you should aim for.
And that, you know, it's somewhat counter to the sweat,
the small stuff thing.
So you don't want to negotiate on every little thing.
But when I hear it's industry standard,

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like my ears always perk up
because it's like somebody's like trying to get one over
on me on this, right?
Or they're just trying to like make it,
the sweep this under the rug.
So I think that's an important one.
You know, sweat the small stuff.
I think like put some stuff in that you want to negotiate on
that you don't care about,
that you're just willing to give on, right?
But like, you know, just don't make the,
you know, don't make the negotiation super painful
in all regards.
On bankers, like I think for this deal,
it didn't make sense to use a banker.
And I have, I mean, with CBI have a bunch of data
on like what comps are and all that stuff.
So I had, it was good enough.
And it wasn't a big enough deal
that I wanted to like cut in somebody for,
you know, five, seven percent.
You know, if CBI was doing a deal now,
like we'd absolutely have a banker
because I've definitely seen like the value
of what a great banker offers.
But yeah, I mean, I think the industry standard stuff
is probably the thing.
Like anytime you hear that,
I think an entrepreneur should like just wonder like,
okay, why are they just pushing for industry standard
in this particular area?
Cause usually it's always industry standard
to the benefit of the person across the table.
It's never industry standard and good for you.
And so that's one I would definitely push on.
One thing happened over the weekend, Sean,
that you and I had talked about,
and I actually think it's a good time to talk about it now
because I have a feeling that Anand's gonna know
a little bit about it.
Do you remember two months ago,
we talked about this guy named Adam Adani,
I think his name is, you know what I'm talking about?

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You were like, I mean, you're not to blame.
We were just using the news and you were like,
this guy's amazing, look at what he's doing.
He kind of looks like an Indian Mario guy
and he's like doing all this cool stuff
where he's like doesn't really care about looking cool
and he gives his money away, yada, yada, yada.
Now he's like the third or first richest man in the world.
The news was, I think he had gotten
to second or third richest man in the world.
And I didn't think most people knew his name.
I says, hey, there's this guy Adani, here's what he does.
And I think we even said it,
I don't remember really saying this,
but a lot of people DM being like,
you guys called it because news came out
that there's like some fraud going on
or whatever with their company.
And I guess we had said something that was like,
either this is just amazing or you never know
because of whatever, we have to go back and listen.
I'm not sure what the clip was,
but a lot of people are like, you guys called that, which-
Yeah, people were saying that too and I'm like,
I said thanks, but I don't actually remember this.
I don't remember recalling that.
I do remember when I was reading about it
was a lot of people were like,
hey, this is kind of a shell game.
Like he's basically raising money.
He's raising money in one company
using the like basically borrowing
against another company that he owns.
And that company is borrowed against another company
that he owns and he had like so many entities
that were each sort of like the justification for the next
in terms of either the valuation or borrowing money
or whatever it was.
I don't, I mean, this is a couple of months ago.
I don't remember what the details were,
but I think we just said that as a footnote.
It's not like we were calling him out on anything.
I think people are giving us a little more credit

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than we deserved on that one.
Sorry to interrupt you, Sam.
So we were always saying that-
Yeah, so that's the background.
So I think on Friday, Hindenburg Research,
I think they're a short seller.
So they, they short companies,
but they produce scathing reports
and they've done this a dozen times.
I can't, I'm sure a non-new product
should probably know some of their examples,
but they're just like known for these really good reports.
Well, they'll write and say,
this company we think is total bullshit.
Here's why.
And then it tanks.
And obviously they are financially incentivized
to forward to tank.
But as far as I'm concerned,
I think some of the research is actually
kind of spot on sometimes.
And they have like a good track record,
but have you followed this?
I followed it a little bit.
I mean, I like Hindenburgs.
I think like there's like,
we live in like the age of grifters.
And so like you need people,
and I don't know if Adani is,
but I think like you need people like Hindenburg who like,
you know, or Coffeewizilla or like Wendover Productions
or any of these folks that are out there,
even on YouTube,
who are trying to hold and at least shine a light
on some of the griftiness that's out there.
And so, you know,
I like what they do in at a high level.
I don't know if their case with Adani is like
a good one or a bad one, but yeah.
Yeah, well, basically they said like,
the entire company,
like there's a bunch of weird things going on with it.
Of all the, like they list all these companies

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and each person that runs one of the companies is one of his like relatives or former executives. So it's all like kind of like, it's kind of like his cronies are kind of like running everything. And yeah, he's like loaning money from other companies that he owns and he's making the valuations of each of those companies really high. And so it turns out that so it's basically like a little FTX ask where of just like similar or entities that he owns, loaning money to other entities with the collateral being a company that he values himself, among other things. And so anyway, I thought you guys would have like an interesting take on this because, I don't know, you had spent a little time in India, you're in the finance world. So I wasn't sure if you had an opinion there. Yeah, no, I don't have an opinion on that. I will say like when you see like org structures that are really convoluted, like FTX or Adani or Enron before that, like people always like in the moment are just like, oh, these guys are geniuses. They figured out how to move stuff and do X, Y and Z. And then when you look back, it's always like, no, it was just like a giant shell game, as Sean said, like that's an interesting lens, I think to look at companies through. And it's like the innovation isn't the product. The innovation is like cap structure or some weird thing. It's like, okay, that's a weird, that's a kind of a weird business to build, right? Where like that's what you're innovating on. It's like companies that innovate in HR, right? Like I'm always like, you know, they're doing all these weird things. It's like, do we have to build a product? Like why are you doing like 3.5 days of work and like, you know, all this weird shit? It's just like, why don't you just work and like build a product? Have you been able to capture or like catch any scams

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just or like make any right predictions
based off the data that you guys have?
Yeah, I mean, we don't publish that stuff.
We usually send it to media, right?
Cause we're not like a media outlet,
but we'll find stuff where we're like, you know,
this company raised that I'm not gonna name,
but there was a company recently that raised like
at a \$4 billion valuation.
And then when you looked at like the founders
and you looked at like the number of employees
and everything, it was like something's off here, right?
And so, you know, and so like,
we would send it to somebody and say like,
hey, like this looks odd.
Like you should go do what journalists do and dig into it.
So we'll find stuff that's a little odd at times.
And then, you know, I think the more interesting thing
sometimes is like, you'll dig into filings of companies
after they've been acquired by a public company.
And you see, it's not, this isn't like a scam or anything,
but you see like, you know, hot company
that says they got acquired
and then you actually see how much the public company
paid for them.
And it's like, you know, one eighth of what they raised, right?
And so like, you just sort of get, it shines a light
on like what was a real success versus what isn't.
I think that's probably what we tend to see more, you know,
people who are wanting to do fraud or like,
if they're good, they're hard to catch period, right?
Like it's just not something that,
it's not where we spend our time.
Also some of these things like the same exact signal
that later you look at and you say,
oh man, we should have known something was off.
Like you said, at the beginning,
it's a sign of the genius of the, of what's going on.
Like I know with FTX, there was a bunch of things that now
people are like, wow, this is, you know,
those should have been red flags,
but at the same time, those were the things that in stories
they were saying were like kind of the,

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the remarkable things about them.

Like, you know, for example, the, you know, like, oh, the, you know, they all sleep in the same house and on beanbags and whatever.

And now it's like, oh, they had this weird, like inappropriate, you know, like sort of like group dating thing going on.

But it's like, before that it was like, these are just 20 something year olds that, you know, are all like, you know, living in this hacker house that are making it happen.

It's like, no, if on one hand it's one thing and then, then like, you know, after it's exposed, it becomes labeled as another.

And I've seen this with, I've seen this many times where it's like, oh, you know, same thing, Sam Bankwood Freed is this sort of like this, this, you know, this quirky genius.

And then he turns out to be this sort of like, you know, this drugged up liar.

It's like the same thing he was doing before where he's, you know, taking whatever, you know, Adderall or whatever the hell he's taking in order to, you know, stay up and trade.

It was like, yeah, these guys are fueled by, you know, you know, Red Bull and whatever.

And they're just working, you know, they're geniuses that are outsmarting everybody in the market to like their gamblers who were reckless.

And, you know, we're not making good decisions because of, you know, their lifestyle and what they would choose them to do.

And I've seen this, this happened before.

I remember with Tesla, there was a point in time where I think Tesla had had like 10 or 15 different CFOs.

And my friend had told me that because I was like, you know, I'm reading a lot of stuff online about how like, there's might just be like some, you know, there's a lot of smoke.

I don't know if there's a fire, but there's a lot of smoke about Tesla not being in good financial shape.

What do you guys say, you know, what do you think about this?

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Am I overreacting to these like conspiracy theorists on Reddit and Twitter?
And he's like, well, he's like,
I noticed something interesting he goes,
I always have this phrase, follow the CFOs.
Like the CFOs know the health of the business.
And what you never want to see
was what was happening with Tesla,
which was like a rotating door of CFOs
that would come in for three to six months and then leave.
And secondly, like the new CFO,
it's like the shy 24 year old or 26 year old
that's, you know, now Tesla's CFO.
Wow, he's amazing.
The same thing happened at FTX.
I remember when we were, they were sponsoring us
for something and the guy who was paying us
was their head of strategy.
And you know, I didn't go on the call,
but I asked Ben later, I was like,
so was he like, you know, super sharp?
Or what was that guy's story?
He goes, yeah, he's 24 years old or 24 years old.
And he started as whatever.
And now he's promoted.
He's like the, he's the head of strategy for all of FTX.
And again, it was like, wow, that's crazy.
I guess they're just a real meritocracy around there.
And they just, you know, it's a land of equal opportunity.
And this guy just proved his worth.
Or it's like, no, this is his college buddy.
He's not going to ask too many questions.
And he can just trust him to do whatever and say whatever.
Right?
Like these things from the outside,
I remember reading articles about this wonder kid.
And then later it's like a bad thing.
And you were right about the CFO thing with Tesla
at that time, weren't they on the brink?
Well, people don't talk about that much now,
but it did seem like they were on the brink or, you know,
just, you know, narrowly survived
either either properly or improperly.

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I'm not sure, but like later,
I remember one interview Elon finally admitted it.
He was like, we were six weeks away from like, you know,
the show being over for Tesla
when they were having the Model 3 production ramp.
And he had said something in a separate interview
that alarmed me as well, which was about,
there was like some, what's that famous
like green clean energy thing that Obama funded like.
Like the Green New Deal or something?
No, it was like \$600 million to soy, vera,
soy lint, soy, whatever, I don't know.
Some kind of soy legend, I don't know what it was.
Solyndra, that's exactly right.
That got a bunch of money and it failed.
And like up until the day they declared bankruptcy,
it was like, we're, we're good.
I don't know what you guys are talking about.
And they asked Elon about that.
Like, you know, just clean energy,
you get a bad rap because of the, you know,
the problems with Solyndra and others.
People say it's hard to make new tech work
and all the stuff.
And he said something in a separate interview
where he was like, what are they supposed to say?
As soon as they, if they ever admitted any weakness,
the stock would tank and it would guarantee their demise.
Like they have to say, it's all good.
You guys are nuts.
Whether they are or aren't,
because the other one is it will tank their stock
and they will die for sure.
It'll accelerate their death.
So then I was like, well,
you can't believe anything this guy says
about how Tesla's doing.
If that's his mentality when they're, you know,
I'm reading these things about how they might be
on the brink, he's saying they're all fine,
but he even says that that's the CEO's job
in this situation.
So now, you know, what to do?

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And that's a long story about why I sold my Tesla stock too early.
I do think like there's the signal that I look for, it's not in the data is like the narrative when it's like a crazy founder narrative. Like, like they were in Southeast Asia, living in a monastery and they talk about like their clothing choices. Like that's always a weird one, right? When it's like, we're not going to talk about the business. We're going to talk about like where some like moleskin T-shirt made from like, you know. Dude, but it worked with Zuck. Yeah, but he wasn't like, he built the product to start. He wasn't known for his like weird. I think it's the key thing when you can't see the product or the, or the financials, right? Like, like for a lot of these things where it's like, is the product legit and is, are the financials like visible, right? But even then you can't like, you know, FTX was like a real product that people used. And the financials made sense at the time that like, they were obviously gonna, they're making money on every trade, right? People doing a lot of crypto trading. How can they not make money? You know, it seemed like it would work in both cases. Another example on the FTX side, they had 25 engineers. And I remember reading stories about how he was just like, yeah, we create like, we're not like these Silicon Valley companies with all this bloat. Coinbase has like, you know, thousands of employees. We have a whole engineering team of 25 and we do more volume than them cause we hire 10 X engineers and we go for extreme operational leverage. And later it was like, of course these guys had like terrible security practices and all the stuff. Like they didn't even have the, they refused to even invest in engineering, right?

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It's like the same story,
the two sides of the same story once you,
once you know the result.
Yeah, a hundred percent.
I do think there's signals when I,
I don't think fraud, but there's signals right now
that companies are not doing well, right?
So like you'll see companies raise
at a billion dollar valuation.
And when we dig in,
we see like the liquidation preference is three X,
but that stuff doesn't get reported, right?
Or you see the CRO or the CMO leaves every six months,
kind of the Sean's point on the CFO.
Like that indicates there's problems.
It's not fraud.
It's just like, hey, this company's not killing it
the way outsiders might look at it.
I think fraud's a tough one.
I think underperformance and companies
that are not doing well,
that's a lot easier for us to figure out.
What's a company that's impressed you
that most people don't talk about?
Because you guys see a bunch of companies
that are interesting.
What's a company that's kind of flies out of the radar,
but kind of secretly crushes it?
I'm like, it's probably gonna end up in the data world.
So let me think about it.
I will say like the area that I like right now,
and I don't think these are great businesses,
but I think like, I think are interesting
is like the folks that are analyzing the grifters, right?
Like I really like love this space
because I think there's something to be built here.
Like they're more media companies
than they are great big tech companies.
But there was like,
there's a couple that like are digging into like pastors
and like the whole like evangelical pastor world.
And like it's phenomenal like the stuff that they do.
So like that's probably the area I go down a lot more in.

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And then like looking at the businesses of folks like Andrew Schultz and folks like that, like, you know, cause I think there's a lot to learn from how they do marketing and how they build audience. So I tend to look at businesses that I think we can learn from versus like just like random sort of businesses that are out there. What, what, what can a boring company like yours learn from Andrew Schultz? So the thing that, so I think the thing that he's done really, I was purposely insulting you in order to make, make the average listener be like, oh yeah, I'm not that cool. I think the thing that he does really well is he doesn't just interview other comedians, right? He interviews other people who are kind of adjacent to him, right? And so what he does then is he keeps expanding his audience. And I think most other folks like, you know, like I like Theo Vaughn and Theo Vaughn's like interviewing other comedians, right? But like he interviewed Neil deGrasse Tyson and I bet you that brought him a whole bunch of new people. Right? And so I think it was very funny. Yeah, it was awesome. And so this sort of like Schultz strategy of like adjacent folks, I think is really smart to bring in like the Venn diagram is not as heavily overlapped. And I think like he keeps building that way, which I think is really interesting. And so for us, like it's always like, who has an audience that's not exactly our audience, but that has maybe a slight overlap. And but with those people kind of like us if they knew about us, right? And so it's kind of like thinking about partnerships there, whether it's newsletter partnerships or whether it's, you know, research that we do, whatever it might be. So yeah, I think like looking at what's happening

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in the consumer side of media is always interesting
because that's where like the innovation tends to happen.
It doesn't usually tend to happen in B2B.
Well, dude, I appreciate you doing this.
You're fun to talk to.
Sean, what do you think?
We only got through maybe half of the shortlist ideas.
So if people like this, we should do a part two
and do more, do more of the ideas.
Thanks for coming on, man.
This is fun and appreciate that you've been, you know,
I feel like I've seen you tweet about the show, you know,
for a while now.
So, you know, that's, I really appreciate that.
That's one of the cool moments of this,
doing this for us is that people,
we respect if they like our stuff too,
that gives you a little extra juice,
a little extra wind in your sails to,
to go out and keep going.
Cause it's, it's different than just,
oh, the numbers are going up,
but numbers don't have that same kind of like pull as,
you know, somebody who you think is cool liking your stuff.
And by the way, Anand, it's your fault.
It's kind of my fault.
It's most, it's part of your fault.
Basically, I get like lots of messages a day,
but like five of them a day,
it's usually a young man in his twenties
and he'll just message me and he'll say,
let's fuck, that's all I get.
And the reason being,
one time I was either on my way home
or in route to the airport.
And I was, I hate flying,
so I take a lot of Xanax.
And so that's the only time I'm ever inebriated.
And I was very high and I messaged you and I said,
I'm in your hood, let's fuck.
And you replied like, I'm down.
Like, here's a restaurant meet me there
or something like that.

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And I told that story.
And now because of that, I get a bunch of men
messaging me that.
Living the dream, Sam, you're living the dream.
Someone's dream, someone's dream.
Not my dream, but someone's dream.
Yeah, I'm living, I'm living on person's dream.
So you're in a play for that,
but I appreciate you coming on.
And this is fun, we'll talk soon.
Yeah, interesting.
I feel like I can rule the world, I know I could be what I want to.
I put my all in it like no days off on a road.
Let's travel, never looking back.