

You like violate this rule that I have for myself and you do it so wonderfully, which is focus
Or at least it appears as as you do you like launch like I don't know how many companies is a year
Do you launch eight eight goddamn?
All right, we're live Kevin. Do you this is Kevin Ryan. Do you remember me? I
Don't remember where we met. I know we've met, but I don't remember where that's good. Okay,
you don't have to remember
So basically I'm gonna tell you why this is funny. So basically I've studied you for maybe ten years
So you started you were the president of and see you have double-click
Which had like a billion dollar plus exit and then you have started like four or five companies that
are one's worth
I think 28 billion today one's worth
You have a couple billion dollar exits
but you started Business Insider and I cold emailed you maybe 50 times and
One of those times because I admired you so much and we'll talk about your career
But I wanted to be like you and one of those emails you finally replied and you just said like thanks
for the updates
whatever and then I
Lied and I said I'm gonna be in New York tomorrow
Can I get 20 minutes of your time and you let me do that and I came to your office for literally 20 or
30 minutes
We had such an impactful conversation and then you did another follow-up call with me
And I have the notes from those calls and this was in 2017
and you made a bunch of predictions about my life as well as the media business and a few other
things that were 100% true and
I refer back to that note sheet on a consistent basis to help make some decisions. Oh interesting
I'm glad I sometimes I get lucky and I get it right and you want to know what your your PR people
cold emailed us to get you on
The pod so the tables have turned my friend. Welcome to my world
But I just want to say like I've admired you for a long time
You're you're a really big deal to me and so I'm so happy that we're able to like finally do this
This is awesome and Kevin. You don't know me, but I did not stalk you. I did not cold email you in
fact
I was a little bit
Just jealous of you because I was at the time working in a when Sam was telling me about you
I was working at a startup incubator studio and so we were launching four or five companies a year
and
After three four years, I was like, I don't know if this model even works
I just feel like it's like this because there's something inorganic about the studio model versus like
just a normal startup that
That comes from an entrepreneur solving their own itch
And he's like, well, I don't know sky Kevin Ryan seems to do it
He's cranked out four or five billion dollar companies out of this and I was like, huh, I guess I should
shut up and
Just you know, you're not the model. That's the problem. It's me

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

You know, I think not only is it cool that you built big media companies
It's cool that you made the stuff the studio model work when very few people have been able to do that. Yeah
No, no, I still enjoy it
It by and large is still working, you know, things go wrong. It's not I wouldn't say it's easy
But we have a lot of companies that are doing really well in different sectors
And so that's what's so fun and look there there are more things to be done
There are many problems in society that have not been solved and basically the high-level story of you is you
You have like a normal corporate career, but then you kind of like worked your way into Double-click, which eventually I think became ad ad words at Google. Exactly. Yeah, so Google bought it for about three billion dollars in
2007 company started in 1996. I was there for nine years. There's public for seven years
First four years went from ten people when I joined to two thousand we're so crazy in 25 countries
So that's why I spent my early 30s doing
Then we spent three years breathe back to a thousand people as the internet collapsed and 70% of our clients went bankrupt
So don't do that
Then we we had a huge market share controlled basically ad technology
And so then Google bought it and then I started
Visit insider, you know, Mongo and guilt I want to point one thing out of it in this journey, by the way
Your career starts at Prudential
So shout out to all the listeners out there who are in boring companies right now boring huge companies consultants and bankers out there
There's hope for you yet
So you did like
Prudential Euro Disney blah blah blah and then you joined double-click as employee 20
But you you they brought you in I guess as a senior person at the time. Yeah, yeah
What happened is I had launched an internet website for
EW scripts, which is a media company and I was the COO and CFO of a division of that company
Wasn't it basically just like Gilbert comics or it was exactly there Gilbert comics and we had other comics
We own peanuts and a lot of other ones, but on a relative basis. It became very successful as a website
We sold advertising e-commerce
So things that were not that easy to do because we didn't have the vendors at the time
So I went to the parent company and said look we should build up an internet division and they said no
And I thought you know actually believe that the internet is gonna be a huge which is obvious now
But you know a huge part of the next 25 years. I want to go do this full-time
So I was gonna go start a company
I ran across double-click that was already in the ad tech space
They committed me to join them instead of starting my own company
I became the the CEO the CFO the president and then the CEO and then when we met you basically

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

You you kind of outlined after selling double-click. You said basically my partner Dwight and I
We came up with this thing where we call the alley corp and we're like
We get like two or three maybe even one good idea a year and then we find good people and we give them
\$300,000 and we say you have six months
Let's see if we can make this work together and you did that with insider business insider
Which I think had a \$500 million exit you did it with Zola, which is still running and it's kicking ass
I believe you did it with with gill. Yeah, which I think got to like 500 million in sales
But it didn't end up working out wonderfully. I think you said we sold for 250 million
Which was less than we thought but it's still obviously a real number good. Yeah, great
And then you can go ahead and correct me, but you've done this with like four or five companies
I remember this meeting from 2018. I said 300,000 that was wrong, right?
Yeah, so we started each company with a million dollars
So 500,000 from each one of us and that was for guilt business insider and mongo
And then we I did after that Dwight semi retired and so I did that with
Nomad I did that with Zola
And now by now I put about a million and a half dollars in each company when we start them
Which isn't a significant amount of money for how big I mean at mongo db right now is trading
I think I think it's market cap is 26 billion dollars today. I'm sure at it's at covid peak. It was like 40
or 50
That's not a lot of money for the outcomes. No, no, and look we had to raise a lot of money
I mean mongo between being a private and public company
Raised and lost a billion dollars before they had a profitable quarter
And now already make 300 million dollars a year in profits
So that's why it's so valuable is because it's an it's just an incredible copy growing quickly enormous
Market share and is going to grow for the next 10 years. It'll be a 50 billion dollar
Well, you told me in our call you said
One of my notes is basically if you're not hiring
fast enough and and by the way, this is like
This is the vc route
But you said if you're not if you're not hiring fast enough and losing money aka investing
You either haven't figured it out or you don't believe that your idea is good enough
Um, and so you need to grow grow faster
Well, but you you don't want to grow fast just to grow fast
If you have a good idea and if you're hiring a salesperson who costs 150,000 and they're selling
\$500,000 worth
You need to hire those people all day long
Because you have an opportunity and if you have other products to create you should hire these
engineers to to build it
So again, it's not spending money to spend money
But if you're building a big company it's going to take eventually a thousand people or a few
thousand people
To do a billion dollars in revenue
Well, and your analogy was you go look

If I if my idea is good enough

I'm going to build a machine that turns \$1 into \$2 and if I have that machine

What are you going to do?

You're going to go get as much money as you can and back that truck up into that machine and dump it in there exactly

Now there are times in various companies where it doesn't make sense to invest a lot more money because we're not getting the return

Yeah, you run out of market share

It's not as big a market as you think something's not working as well

And so then the right thing to do is to not invest and I have companies right now that

We've cut 30 of the people in the last year

Because given this market and what they were doing we had too many people

So there's also a note in that call that I thought was really useful

So I'm looking at sam's notes from your call like back in 2016 sam's building the hustle

He's trying to figure out what to do next. I I assume you were

considering raising money because you wrote this down and I thought it was uh

It's obvious when you hear it, but I

Most entrepreneurs, I don't think think this way, which is you said let's say you're going to raise two million dollars at a 20 million

dollar evaluation

So you're going to dilute 10 and you're saying you just have to ask yourself

If I took that two million dollars and I invested it into growth people whatever

Over the next 18 months is our company going to be worth more than 10 versus if we do not and if it is then I need to do that

I should do that trade and if it's not I should not and uh

Did I capture the the logic properly there? Yeah, no exactly that's what you have to look at and you know

You don't you don't want to raise too much in that round because if you sold 10 million

Then that's very expensive capital if you think it's going to be worth 100 million dollars someday or 200 million dollars

You should raise that money later

But you do need to get moving and time is never on your side

You know any good idea I've come up with

Eventually even six months later three other people are going to come up with the same idea

So you need to move quickly people tend to they most people understand the the risk of doing something

They understate the risk of not doing something. Can you tell us a story?

We're moving fast either benefited you or cost you big in one of these races that you ran

Absolutely, so double case the perfect example. We expanded to 25 countries before our first country was profitable

So if we were a big company everyone would have said look, let's wait and see and make sure our model works

But the result was if you were Procter and Gamble or Caterpillar or IBM

Who did you work with you worked with us because we had operations in 25 countries and you have

offices in those countries

You didn't work with our competitor who had offices in six countries

As a result we swept the market

We lost a bunch of money, but we were able to fund it and that is the reason today

25 years later that you know

Google still has a commanding share because we got it early on and it's never been given up

But you're taking a chance. I mean

There are there are times when you invest in something and it doesn't work that well

And you're like, wow, we should have waited you don't have time to wait

What insight was insider business insider was that so you sold double click you back then when you and I met

You actually told me how much money you made off the double click sale

I won't say it unless you want to say it, but did you

Which I thought it was amazing that you told me this I was like damn you this guy's helping me out so much

I tell me all this information

Did you

You and do I got together to start? I don't know if you call it an incubator or whatever you call ali corp

But did you

Was insider the first idea that you had and what led to that what led to the insight to start that?

Yeah, so the insider idea was so simple that you can't even give us credit for it. So this is 2007

I love business publications and media publications

So I I'm a sort of a compulsive reader of that

And I didn't have the publication I wanted and it's so hard to to remember for people today that

The waltz return all and business week at the time did not basically did not update their websites during the day

That's crazy

And you think that's impossible and the reason is that they were still on that schedule of the paper comes out the night

You know the the morning

Articles have to be done late at night and so at 10 in the end 10 a.m. No one's updating anything

And so they just had not adapted and don't forget

You're really got mobile phones in 2008

And so then all of a sudden all day long you're in the taxi

Of course you want to get an update on what's happening

So we the things we did are so obvious and done today, but they were we were early which is updating things continually

Writing stories that were not complete in a way. We'd hear a rumor that x company was buying y company

We'd say that's what we're hearing and you know what happens when you write that someone from that company calls this

Yeah, actually, it's true

And so then you get more information and so you maybe write four or five stories during the day

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

As you get more and more information and we also had a point of view
So, you know, we'd write so and so just overpaid for a company
It's more important that we have a smart point of view than that. We're right in the long term
And so and we did a great job of making sure we showed up in search results
So again, everyone does that today at the time
No one cared about headlines because if you had business week magazine, does the headline result in more revenue for you? No
But when we we would a b test three headlines very quickly on a story and realize what was working
And so, you know, what I'm proudest of is that business insider is at 300 million uniques today and never spent one dollar in ever
Yeah, you told me well, you said you you said we were just we were going to just turn out these articles which
Um, it's common now, but you go
You had this really cool insight you go
It's kind of like honda in 1985 versus general motors. Americans laughed at the honda
Car they said this is just too flimsy. This isn't good
but
They're going to like capture some market share and they're going to improve and you said it's kind of like that with
business insider
The the the quote the critics or the the real people in the industry whatever you want to call them
They laughed at you and they said this is just low quality
This is junk and you're like but we're going to get more traffic than you and I think it took like five years or something
But we got more traffic than wall street journal
And now they're looking at us like holy crap
You surpassed us and we could afford to have a more substantial journalism that maybe is taken more seriously if if that's even
Something I would guess by 2015 we had seven people covering military and defense
That's deep coverage. I mean you you you have a lot you're writing great stuff in the beginning
Obviously, we had you know five journalists covering the whole world. It's not going to be amazing
But that that is a good parallel and we the product did get better over time. We started winning awards
Uh, but it always was intended to be a different positioning. It was punchier. It appealed to younger people
It was opinionated, you know, it's just a different product
But I think I think the company, you know, we Henry Blodgett who's still the CEO has done an extraordinary job
over 15 years and a lot of these insights came from him
It was one of seven people I interviewed for that job
And he killed it. Uh, what'd you see in him that made you pick him?
Yeah, I know if you remember it was a bold choice because Henry had had some issues on wall street
So you some people felt like he was tainted

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

I knew that he and the the issues by the way were I think he got accused of was it insider trading or he got

No, that's not training at all. What happened was at the time

What was standard there was that uh, the wall street analyst would come pitch the company that was going to go public

And they would say look, we're going to great write great things about you

Which is potentially a conflict with their recommendations to their uh, their their investors

Everyone did that. Henry actually wrote internal emails saying I feel really uncomfortable with this Which then was used against him, you know, no one else did that and so legally I don't think he did anything wrong

Uh, everything he wrote was approved by his superiors and in order

But anyway, uh, you know, some people felt like he was tainted. I didn't at all

What I did know is he was an incredible writer and he was a perceptive

Journalist he was writing pieces for the Atlantic. I mean, he's just so good. I mean, he's so talented and he also

He truly understood

Internet journalism

So the people I interviewed for the wall street journal basically just wanted to redo the wall street journal and which we don't need

Uh, Henry had was was fresh. He had never really worked in a newsroom, which could be viewed as a weakness

I viewed it as a strength

And so he changed the rules

And we were willing to do that and he did an incredible job, you know

That same strategy of kind of like start with the content quickly that gets traffic

Don't try to be don't look for kind of like the peer acclaim in the industry

Look for what the market wants and then over time improve the quality. That was also buzzfeed strategy

But today I'm looking at the buzzfeed stock. It's 36 cents. It's a 50 million dollar market cap

What do you think they got wrong?

Well, what happened to buzzfeed because it seemed like they were

They had that whole that same playbook and Jonah Peretti if you ever hear him talk, he seems like, you know, whip smart in the same way

For me, it's very clear and I felt this from day one even when they were theoretically worth two billion dollars

I rarely ran into someone who said I love reading buzzfeed every day. I I don't believe they built up a true brand

They showed up in search results. They got traffic

But there were you know, many many people that religiously read business insider every single day

So it just had a brand that I think was much stronger and more defined

And you you you guys have another uh, funny part about you, which is

I was telling my wife this because we were talking I was telling her I was going to talk to you and I was going to and

I followed Dave Portnoy on twitter from barstool

Business insider is the only one to get one up on him
So you guys had this you guys had this article about some some stuff that he had done
And he went ape shit. He went crazy and business insider had the best response, which was no response
You guys didn't reply to anything. It's the only time I've ever seen Dave Portnoy get one up
I wasn't really involved with that whole exchange that happened after
Uh, I we sold the company. So well, I thought it was pretty funny and I uh, I thought it was I thought
Businesses that are actually handled it
Wonderfully and they were the first people that I've saw that got one over on him, you know, you know, Kevin
um, you you guys have had so many hits come out of the studio and um
As somebody who ran a studio for six years and uh did not have billion dollar hits come out of it
I gotta know. What's the uh, what's the secret?
What you know, what what was it that you guys were doing differently and I'm sure you've talked to many other people
You've seen many entrepreneurs start these labs and you've probably seen the same results that I have which is that very very few
Come up with anything that works. What do you think you guys did differently than others?
So it's not that, you know
Detail wise we didn't differently at the end of the day
This is a simple business but hard to do in other words. You need a good idea and you need a good team
Uh, so that's just there's nothing else
So, you know, we've had some good ideas. Uh, we do a lot of research, you know
Anytime we're doing deep dives. So someone will spend two and a half months
Interviewing 50 people doing the same thing that I would do if I were an entrepreneur about to start a company
So we have a lot of knowledge. There's a 50 page deck
We've really gone into it and then we're committed and then we go hire a great team and we help that team
But again, it's a little bit like watching, you know, I don't know a good basketball player a good soccer player
We know what they do. We can see what they do. Can I do what they're doing? Not very easily
So I think we've executed well there and you know, we have a bunch of people including myself
Have a lot of experience doing this. It's just a series of judgment calls. You know, I think
Uh, I'm able because of the track record able to convince some good people to be CEOs
Um, that's important too and we you know, we spend a lot of time helping them
So I chair 12 companies
So about half my time is spent focusing on those 12 which are 12 of our most valuable companies
To really guide them and make sure that they do as well as possible walk us through like one of those ideas
So, okay, so here for example two and a half years ago. So I'm
I'm very interested in psychedelics or mental health. I'm the leading funder of the Yale Center for Psychedelic Research

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

You know, I'm involved with a bunch of things
non-proper research for you know
Pushing psychedelics forward so they can be legalized either by the FDA or by state
So with that context two and a half years ago
I said, let's do a deep dive and see if we come up with a for-profit idea
The person on my team works with me interviews 50 people
Yeah, we're talking to everyone and we come up with a solution that was partly influenced by some
of the work that's been done at Yale
And we started a company called transcend the person on my team actually which is unusual spins
out to become the CEO
Blake Mandel
big article in uh, the wall street journal about five months ago about transcend
Because we we started off at the million and a half dollars
But we raised 40 million dollars about a year to a year and a half later in two tranches at 80 million
pre
So big big big big step up big valuation
And we have a compound that you haven't heard of going through the FDA processes in phase two
trials right now
Uh, and so people are obviously optimistic about the future like the team like the execution
Uh, we did some things very well there. We have been awarded patents for example
If you follow this industry, you know that you can't patent MDMA or mushrooms
Because those have been around for a long time, but we actually did get a patent for meth alone
Which is the compound that we're working on
Uh, so so far so good now. There's still risk, but that company is you know, we currently have a 50
million dollar position
Based on our five million that we've invested so far and we think it has a lot of potential
What about um, like with mongo db. So um, that was started. I think in
2007 so alley corp was like a little bit early. Yeah, did you have a team helping you research ideas
back then?
I didn't that was purely dwight
myself and elliot horowitz
Who was the most brilliant young engineer at double click now out of 700 engineers
And you could pick out one person other than dwight you would have picked him
And so we started a company together in 2005 called shop wiki, which is a search engine for
shopping
Did okay, not great. We sold it in 2007 made a little bit of money and then said what are we going to
do next?
And so came up with this idea
Uh started working on it. It was a very hard slog. It's very easy to feel good about it right now
For three years. We had zero revenue
So not easy to keep funding going back to bc's with zero revenue
But we had a lot of people using it. So, you know, we broke through that but we had some ugly
financing rounds
You know, especially back in 2009 2010. It was not a good time to be raising with no revenues

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

Uh, then finally sequoia came in and then we raised a lot of money and now it does
Getting close to a two billion dollar run rate
Did that company make you a billionaire?
So, yeah, I mean look for all of us. It definitely, uh, yeah
We all made lots of money on that on that company. Yes
Those three years with no revenue at the time where you like people just don't understand that this
thing is uh, like
Others don't see it
But I see it or where you're like in the fog of war. You're like, I don't know if this is a thing if this is
going to make it
But um, you know, let's keep going. No, no, I would say that all of us were nervous
Because uh, you know, you like to have revenue and you're going to run out of money at some point
What helped us on the inside was that the utilization the number of people using the product
Who's free was growing every single month all over the world
So there's you know, probably 50,000 small companies using the product
And so, you know, there were hundreds of meetups about manga and people were showing up and
we can see
In a way that the dogs like the dog food
Uh, we just needed to then make it good enough that larger companies would pay money
For it and now we got there and and the rest is history
But what's crazy is like, all right business insider, I understand that well. That's media. I get it
perfectly
Gilt that's commerce. That's fairly easy to understand
Zola the kind of media ish related but like a feel like I understand that business
And then you have like psychedelics, which I don't have anything about but then mango is like highly
technical
I I barely I don't I don't even know the use case to be honest. It's a database company involves
sequel
Like I don't even I'm so not technical
It's pretty amazing that like are you are you pretty I mean you are now
But were you well versed on what this idea was or did you just trust elliot?
So elliot and dwight, you know, we're the brains and the technical jobs like the product could not
have been built without them
Oni understood the high level problem
Which I saw which is that oracle was not the right database for the future because we were going
from structured data to unstructured data
Way to think of that is that if I you know, you think of a spreadsheet
Which is how we all thought about data
But if I told you I have 10,000 videos, can you put that into your spreadsheet?
And you're like well
No, actually it's not built for that
But of course data was moving that way youtube came out in 2005
Video is going to be enormous. Uh, so
I knew that trend was happening

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

I knew that the oracle product was extraordinarily expensive for us
And so there had to be a cheaper way. We had seen linux come out
So that was an open source, you know operating system that was enormously successful
And so we thought collectively that we needed an open source
database
That uh was structured for the future and so that was the bet so that I understood if you said
five levels down
Do I understand the code? No, but you know, I was working at anytime you start a company, you
know
Like I'm not a particularly good writer. Henry is
Uh, and he was in charge of that product. I knew the market well enough in both cases
High level and then it's about assembling the team
You got to think of yourself as you are the coach. You are not the player
And if you were a coach and if you managed to persuade, you know
LeBron James and Kevin Garnett and a bunch of people on your team
Your team's going to do well. That's actually the job. You um, you like with the when you're talking
about transcend
And you're like, we've got a drug going through fda trials. I had the same reaction
I think sam's having which is like, man, this guy's pretty fearless like goes into totally different
spaces with totally different business models
and um with probably a whole bunch of like new things you got to learn
Um, and even if you're the coach, you know, you're betting money and you need to be able to recruit
the right players
And you need to steer the ship. Um
Do you feel like fearlessness is something you have and do you do you notice that like
Do you feel like sometimes I look at other entrepreneurs? I think man, I can't believe
More of them are not doing x. Do you feel like that about the way you approach entrepreneurship?
Like, I don't know. I feel like more people should be trying the thinking this way, but they don't seem
to
I mean, look, what we do is just a
slight variation of an entrepreneur
They just happen to I have entrepreneurs working for me and we have a structure and and don't
forget we also have
You know, I have 70 engineers who work for me
I have my own in-house outsourced engineering company
Which helps us build product now very quickly which we've had the last three years
I own a big chunk of a search firm 10-person executive search firm that we set up
So that we can get some of the best talent working for us finding CEOs
So we build the infrastructure around it, but still most of it goes back to a good idea
And a good team and when we get that right
Yes, and by the way the last one on on psychedelics. Yeah, I had done plenty of work. I mean, I'm not
a scientist
But I've gone through the academic papers. I know the state of research in psychedelics. I know it's
working

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

And look what I am thinking about all the time and everybody here does is where is the world going to be in 10 years

That's the north star for what we're doing

If something's going to happen next year, it's too late

I need to bet on a 10-year trend

So, you know, we do a bunch of things in robotics and automation because I feel good about that trend

Psychedelics is a 10-year trend. MongoDB was a 10-year trend

These are the things we're betting on. What are you consuming on a daily basis to spot these trends?

Yeah, so

Tons of things no one thing I'm on, you know, many many

Newsletters that are industry focused or general focused or science or is I read 40 books a year

I'm in conversations with people all the time where you're, you know, there's a lot of learning

Uh, and then people on my team are more specialized than I am. So, you know, I have two MD MBAs

Who are head up our health care practice and then people below them that have worked in health care

So they're thinking of very specific issues that I probably wouldn't wouldn't think of

And the same is drive it person on marketplaces a person on semiconductors and materials science and a person on developer tools

And enterprise software and two people on social impact

So a lot of what we do is in those areas and I'm a bigger and bigger believer now of industry focus

You know, it's a you know, you and I are not going to think of something that applies to the chemical industry right now

But if that's all you did for six months

And interviewed a hundred people you'd probably come up with some ideas that make sense

And the industries that you care about right now are health health care

Uh, definitely, uh, then the ones I mentioned so semiconductors and materials science developer tools, uh with some security

Marketplaces b2b marketplaces

Uh social impact and robotics and automation

What's an example of a b2b marketplace that you're interested in?

Yeah, so we invest we have done a deep dive into the maritime industry

So shipping no one thinks about it multi hundred billion dollars very behind in technology

We invested in a company called box hub. That's a marketplace for those containers that aren't container ships

Based in toronto

Uh, most people wouldn't have known about it. We led that round. We also have just started a company in maritime

That's going to be a a procurement marketplace

So you're a ship. Let's say you're arriving in cartagena your boiler breaks

What are you going to do?

Now you're planning on that and so having a site you can go to that becomes like sort of the amazon of that

And as delivery and can get you those parts

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

Everyone in the industry told us that that's needed. So we're literally just built the team
Two months ago. There are probably four people right now. And so we're off and running
What's that company called? It doesn't have its official name yet
So, all right, let's use that as an example. So you basically did
Uh, did you just go and somehow network your way into talking to 50? Oh, yeah, so a woman on my
team
Uh, absolutely did that and wait to two
maritime conferences
So which she said we're fascinating
It's basically people from venezuela, you know, the middle east russia, you know from all over the
world greek
And so trying to understand the history just about the pirates
Hobblin hobblin around and a bunch of parents had bird shit all over the place
She said it did not look like her Princeton reunion at all
So yeah, and so and she met with the couple investors who invest in this space, you know ship
owners
Data providers everyone you're just trying to understand. How does the industry work?
And I think there's an advantage sometimes coming from outside
Because some people just say oh, that's just how it works here
And the person on the outside will be like wait a second. It doesn't have to work that way
You know, we can do better right and that's why like, you know, Henry was the perfect person
coming from outside
You know when I started guilt none of my initial five people had worked in the fashion industry
But we understood the problem. It wasn't that complicated. So we could create something that was
that was interesting unusual
Uh, so that's the right approach. We just started a company in assisted fertility. I'm sure you guys
know you have friends
You know who are getting IVF. I did it. Yeah, my my brother and his husband, you know, uh, had a
child through surrogacy
Freezing eggs that's going to grow for the next 10 years for all the reasons we know about people
having children later
sperm counts are down much things
So we did we saw we started a couple but uh four months ago
We put in a million half dollars and we just signed a term sheet to raise, you know, five and a half
million dollars
Um, a lot of people wanted to do it. People are excited about the team
Uh, you know
Good set of people, uh, mostly from Stanford business school on this team
And it's a big space
So, uh, I'm I'm gonna bet on that team and that trend for a while
What does that deck look like you said they they do like a or I mean, I think a 50 page memo or a
deck
I'm not sure what you said. Do you have a structure for it?
Yeah, it's generally one just talking about the industry. Where are the problems? Where are the pain

points?

And then where are the opportunities? What's the product idea?

So one of the reasons I do almost nothing in e-commerce these days

Is because I don't see the problem

We solved the industry solved the problem mean if you name anything on the planet earth just about

You know, you can find a site. They'll have 10 000 of them. It'll be sent to your house by tomorrow

Man, I don't know how to do better

That problem is solved

Whereas when I you know when I started guilt you actually couldn't get mark jacob's at 50 all online

Uh, just no one offered it. And so we offered it and people went crazy over that

uh, so

Ecommerce is very mature frankly media is pretty mature right now

There's a lot you know, not that people say to me. I just can't find what I want to want to read

Uh, but even you know once in a while, we're working on one idea right now the early stages in the media space

But not not sure yet

So we're looking for problems the health one of the reasons I like healthcare

is because

It healthcare is not solved

You know, as you guys know, you know, you have knee surgery

Either you or your insurance company are going to pay a crazy amount one. There's too much knee surgery

It's gonna someone's gonna pay 40 000 yet in france. It's 20 000 and the results are better

So can it be done better? Yes, it can be done better. You're 20 times more black women die in childbirth than in sweden

Yes, is that something that is just inherent and is always going to happen? No

We don't do enough prevention

There are many structural issues in healthcare that have not been solved and we're we're solving some of them

It sounds to me like what you do is you think about what's the world going to look like in 10 years?

Um, yeah, you know either what's a problem that just if somebody could solve it

That would be a major major unlock or hey the the puck is going this way

And then it sounds like you say, um

Cool, let's go find out everything we can learn about that space

We we go in kind of a open-minded about what problem we're going to solve

We try to figure out where all the pain points are and then it sounds like you're looking for what i'll call the big obvious problem, which is

If it's too complicated and nuanced it doesn't sound like you're that interested. It's like, uh

Hey, you can't find luxury fashion online for 50 off, right? Okay. That's like a big obvious

Problem it doesn't take that much explaining or expertise to even understand the problem

Maybe the solution might be might take some expertise, but the problem should be in your face

Um, once once you're looking in that industry

um

We uh, we have this thing we say on the podcast, which is that there are

[Transcript] My First Million / How This Billionaire Founder Finds +\$20B Business Ideas

Businesses that there are business plans that are what I call one chart businesses
You can just look at one chart and it just tells you oh, that's yep. That's so obvious like we were looking at one that was around
um
In the death space around cremation and it was like cremation went from I don't know 7 of all things to like 50 percent
it's now the majority of
Of of what choices people make when um when it comes to a funeral
And this is like that's a one chart business. You can look at nothing else and say all right
I know there's big I know there's opportunity when I look at a chart like this
um
Is is that does that jive with your way of thinking or do you have anything you could add to to our understanding of that?
No, absolutely. I mean, I'll give you another one the cost of labor
Is going to just keep going up and so, you know waiters were paid \$15 an hour
Now it's 20 to \$25 an hour in new york
Unless we change immigration or something fundamentally change is that could be \$30 an hour
So, you know what over time that changes the calculus of automation
Whether it's making french fries whether it's through this
We're all going to have to find ways to use less labor
And so when cost of tech goes down and the cost of labor goes up
What does that tell you more automation is going to happen?
Uh, so I'll bet on that trend all day long. You know, we're an investor in a company that
Gives robotic massages. There's 17,000 open positions for massage therapists in this country
Wow
And so, you know, there's hotels that just can't offer massages because they don't have the people
So, you know, we hope they're going to offer a massage. So that's just one example, but I have 10 others
We uh, well, what are those 10 others of just of just automation or other ideas?
I'll give you another example another company we invested in
Is so driverless cars is as you know, not legal in most countries most states
But having a remote driver is
So would you if you're in new york city, would you pay money to have a car?
A rental car brought to your apartment as opposed to you having to take your seven suitcases
And two kids and go to the rental car, of course you would
Um, and yet we can have someone in the philippines or in, you know, arizona drive the car because we put software and hardware
In the in the car. They can see everything. That's legal in many states
uh, airports are already talking to us, uh about
The vans that they have to drive around to bring people to the rental car lots at two in the morning
Hardly anyone on there. You got to pay someone double time 40 bucks an hour
That should be done by someone remotely
So things like that are going to be automated
so shawna and i um

We've had a bunch of cool people on this podcast
So one of our great friends is this guy named Andrew Wilkinson. He owns maybe 40 companies a lot of agencies and web stuff
Mostly bootstrapped. It's publicly traded now
And then we had this other guy named Sid who's like 32 years old who owns um a bunch of WordPress plugins basically that
Bootstrap to unicorn. Wow amazing and well what she owns most of
And so we have a lot of like and and I fall in this category as well. I bootstrap a lot of my things
Um, and then there's this other category
So there's category people who like bootstrap stuff and the sheets are cash flow
And then oftentimes that same group of people prefer to go and buy companies as opposed to build them from scratch
You're taking the opposite approach a little bit where you're like, uh, I'm gonna fund it
It's not going to make money at first
But I and I might go and raise a shit ton more money
But this might be a huge idea and I'll own a small piece of it
What um, like have you ever considered the bootstrapping model?
Or is your is your you just go big right away?
And have you ever considered buying what you're like buy versus build kind of mindset? Yeah
So it really depends on the type of business. So if you're running an agency, you just don't need a lot of capital
You know you hire five people who uh, and then they
Agencies make money and then you use that money to reinvest in growth
If you're building what I'm building is closer to like a hotel
You know you have to build the whole building before anyone comes in stays with you
So a little different because like Mago you got to take years to build a good enough product
And there's no way to bootstrap that you know it takes
2050, you know, there's a hundred billion dollars generally for those types of companies to get there
So that's why it's it's not an option for those things. Look, I would love to have companies that you know
I could own all of for example the the agency that that I have I said those engineers
I basically have an outsourced engineering company
I own all of that
Because it has clients and it builds as it gets more clients
Like those businesses are not as scalable profit margins are generally lower
Um, those are the not type of businesses. I generally go after
What why is that? Is it just a matter of you just enjoy something more?
Do you think that one is a better better wealth creation? Are you more? I mean, what's the motivation?
I just prefer creating a product a real product. That's hard
Uh, and then you know making more scalable and building it up over time
The vast majority of quite successful companies are in that category
The services oriented companies, you know, it's harder. It's harder to get to be a unicorn
It can happen, but there aren't there aren't that many you over time gotten more selective on the

project selection

Because I look at you know, you did business insider. I think you were the c were you the ceo for like a

Period of time there nine years. Is that right? No. No, I was the chairman for all nine years

I did step in I did step in to be the ceo of guilt when we were growing really quickly

I just decided that I was the right person at that point for probably two or three years

But otherwise I've been chairman of many companies for 15 years

I stepped in an amongo. I changed ceo's about eight years ago

And for three months I was de facto the ceo as I was doing you've run these for a period of time

But mostly not but but I guess yeah when I think about businesses

I look at my career and it's like I look back and I think okay of these 10 things I did

two of them were like ate up all of my time and gave me a bunch of gray hair for like

relatively less payoff

Versus these other two which was like I just kind of wrote the check it was an obvious opportunity and it just paid me

And it was wonderful

Have you like what's the best business that you've done in your portfolio that you look back on that has the combination of

The value the pain that it took to get there, you know all of that and then

Do you have a framework around there or do you think it's just luck at the draw?

I think it's like the draw. I mean mongo is the one where you know, I got the most return for the least amount of money

I mean, I I essentially never worked there full time

uh, so you know chairman for 13 years

Um, and yet it's a super valuable and you know fascinating company. That's going to be around for the next 50 years

Uh, but you know, I I'm intellectually curious. So what I love about what I do is that you know

In an hour, I might be in a meeting on psychedelics and then on you know

Semiconductors and I have to try and keep up and learn something about these

Um, and that's what so, you know, we have one in cardiology. Uh, there's so many different things

It's that's what's amazing and for someone who's thinking about 10 years. I'm

A little surprised. I don't see AI all over this doc. Uh, you know, you're not saying AI AI

Sounds like it might be embedded in some of these things that you're doing. Uh, like might be a tool you use, but are you

Bearish on it for some reason or what's you're thinking around AI?

No, I'd say two things one

It's coming down now, but if it were six months ago, you know, the pricing on AI was insane

Now three people walk in and say we're worth a hundred million dollars because we're going to put together an AI company

Just didn't make sense. So we didn't make any direct investments there. Um

Each we're really encouraging each one of our companies to use AI

And I think them, you know, the really use of AI in the short term is going to be much more mundane

It's optimizing customer support, you know making your coding more efficient the things like that

Uh, we're long ways before, you know, true AI companies are coming but it's but it's on its way

We did something unusual this summer the our entire technology team shut down for a week
Went home and their only assignment was to learn about AI the entire week
Read about it think about it talk to people
On did that too. Yeah, I did the same thing. I shut down for a week
Yeah, just to get up to speed because it is a very important thing that we all need to be thinking about
And then came back, you know compared notes and made sure that our our companies are thinking.
Did you do it too?
Or just the engineers
I know these are not engineers. This is the investment people on the on the tech side
So I do it on a more continual basis, you know, I'm spread thinner than other people
So, you know, I have 60 board meetings a year. I have a lot of things I have to
I can't shut down as easily unless I'm a burning man or
As one does nice flex
Then I'm off the grid and I don't have a choice
I'm going to change all of my
My my auto reply things too. I'm in Antarctica even though I'm just actually in town
The only two times I'm truly off the grid
you uh
You you like violate this rule that I have for myself and uh, you you do it so wonderfully which is focus
Or at least it appears as as you do you like launch like I don't know how many companies a year do you launch eight eight
Goddamn and you could do eight now
But I don't know how big your team was early on but it seemed like you were still
Creating a lot of companies. I mean generally it was one a year one a year. Um, there was that one year
We did three between the two of us, uh, but I would never be able to do eight on my own
I mean they take real time
If we are if the roles were reversed, you know, I look up to you
If you were a 23 year old and you looked up to me
I would say man, you got to do one thing well and that will pay more dividends. I agree
Oh, well, great. So what's your like opinion on that then? No, no
So I think that anyone I in people cutting me all the time and say look
I'd like to have a studio like you and I'd say look
Don't do that start by trying to start a successful company
And end up not being the CEO. That's already not that easy
You know
If you have that and six months later the company has raised its external round of financing
Has a full management team in place and you are chairman
You can then decide to do another one
You know, you can't truly be CEO of multiple companies
But you can be chairman of multiple companies
But you got to start with one and are you trying to do two or three at the same time on your own?

It's not going to work. It's not that easy
You know, I have 25 people. What does a chairman actually do?
So a chairman is one the in this case is the ultimate person that's going to be around 15 years or not the CEO may change
This is the person that's going to guide it and as a co-founder
You know, if along the way somehow Henry Blodgerhead quit, that's my problem
I need to find a CEO. I need to solve that for the board
So you're just the most active board member. We had other investors
but everyone knows I got one company that is going to have a tricky financing round and
We need to get the the
The internal investors together not going to be easy
I need to do that. So I'm having calls with all of them. I need to wrangle everyone
Encourage them push them come up with the right thing
What type of relationship do you have with your CEOs like before it's like, you know in the first one two three four years
How often you're working with them?
Yeah, so I mean there we're gonna have a call probably every week or every two weeks soon
To touch base and then they reach out if they need something
I mean, I love the relationship
I feel great about the relationship because you know, I don't want their job
If I wanted the job, I would have I would have taken their job. Um, I want them to succeed
I don't you know, I don't want to be CEO of one company
And hopefully I can stay out of the way because they know much more about the company than I do
But there's certain things where I have either relationship some experience tricky issues
Uh, uh introduction to a VC firm where I can add value
Uh, and so I I love that relationship
Uh, I like you so much because you do things
Okay, so Sean and I are in this like stupid twitter world where like a lot of our friends are popular on the internet
and there's this whole
Thing that I don't buy into of like build in public and like use your audience
but like it's people selling like a hundred dollar a month things or something like that
And you have these like really big ideas, but also like for how successful you are
We take pride in like finding interesting people who are like amazing but not incredibly well known
You are really good. You're one of the higher people on this ratio of like pretty low key under the radar
But has had massive impact
Exactly what I want
And like you don't have an audience like you you violate all these like stupid rules that people talk about
I do no social media. Why is that?
You know, it's I look I think other people use it very well and they'd like doing it
I don't want to spend the time. Uh, I don't want to do it. I don't want to I don't need to be out there
Uh, I that time should be used for thinking time

and managing time

Uh, and so yeah, no the people around my marketing team

Know that the goal is that we are very successful and that when I walk into a restaurant, no one knows who I am

Yeah, I mean, I just think it's awesome

Well, I but you're on like CMBC and shit like that every once in a while. I'll see you there

I think there's rumors that you're you're going to run for mayor. Is that true?

So, uh, one is you haven't seen me on tv in a long time

Right. Yeah, that was you that was about four or five years ago

I think I was like leaving your office or something like that in the yahoo building or maybe I was out of friends

I saw you on tv. Yeah, that'd be right. I don't think I've been on for

At least five years. So yeah, I don't do that

You know, actually podcasts are the only thing I do because it's sort of enjoyable. You don't need to prepare

You have a good conversation. Uh, so I've done that but I other than that I do almost nothing I did, uh

Think about running for mayor, you know, eight years ago. I've been very involved in politics in many ways

Um, represented tech community and in every dimension

Um

All my life I thought I would want to that be the one other thing I'd want to do and then decided, you know, seven years ago

That I didn't want to do that. It's it's a miserable process. You know, if you said to me, you could be mayor tomorrow

I would actually do it

If you said to me, no, no, what I mean is that you can be one of seven candidates

You can spend eight months getting the shit kicked out of you and being humiliated. You're like, uh, I'm gonna be an Antarctica that week

Sorry guys, like can we do this next week? No, and you're you're telling me I can't go see my kids who are, you know

At various points all over the world and I get to see them all the time

Uh, we do great things together

And so that's a big trade-off that I don't want to make anymore. So I'm gonna keep doing what I'm doing for a long time

You were involved in one company. Um, that I always that I think could still work and it didn't work

Uh, but you almost had it. So you invested or we're a board member. You were heavily involved

I think in hot jobs, which had an exit

But you did this other one called, uh, the ladder or ladders

Yeah, where at the this was in the mid 2000s where like a hundred thousand dollar job was considered good

And it was like, I think if I remember correctly, I don't remember if the user paid or if the job company paid

But it was a job board that's kind of dismissing it

But it was a job site for hundred thousand dollar jobs
Yep, and I remember seeing that I was like, that's pretty cool
And I tried launching a company where the user would pay a subscription
And then editorial person would try to survey and uh, and effectively find out what it's like to work there as opposed to the company
Like telling you the best the best
Like, you know, like the the best stuff, but I always you're always you had a couple companies in like the job space
I've always thought that that was pretty cool. And I always thought that that could have been done effectively
I remember the was it ladders or the ladders the ladders and it's still around but not nearly as successful as it was
It started in 2004. I was one of the early early investors
Uh, and it's it's actually still there. I lost, you know, it linked in basically, you know
Did a much better job
I'm an investor in ripple match, which is uh a jobs oriented company and aiming at people in college
The job situation is still not fully solved and that's going to be one where, uh, you know, ai will be used intelligently
As a recruiter, as you know, it takes enormous time
To figure out the 50 resumes you should look at reach out and say can I have a phone conversation with you respond to that?
Hours and hours and hours and hours and hours and that needs to be, you know, productized
Uh, and we're on our way weaving my company as well as many others
Hasn't been has ali has ali corp ever taken any financing or are you strictly using your winnings?
Like or and how much did you use to fund the company when you first started?
Yeah, I didn't do that much, but I you know, I've invested probably
\$250 million into the various companies over the years
And that came from like the the the various companies. Yeah. Yeah, but you but do you take cash flow from anything?
Or is it strictly you yeah, is your income lumpy or not your personal income?
But I don't I haven't gotten paid in a long time
I'm purely just investing my own money, but I have all infrastructure
And a whole firm that does that so it's like a has historically been a single lp
Fun everyone has carry it's no different than you to our ventures or thrive or anything else
Just has one lp instead of many
What are you looking to change or improve?
So if we talk to you 10 years from now, what do you hope?
What do you hope is different about you or your lifestyle or your businesses that versus today?
So I'm doing most of the things I want to do now. So
One, you know, it's going very well results have been great. I spend three to four months a year in europe
working from there
I grew up in europe. My wife is french
Uh, I have one child there

Uh, and I I enjoy that so I'm planning on continuing that
I want to keep doing various, you know athletic and interesting trips around that that you know that
that that I enjoy
So from a high level, I'm not planning on changing it dramatically. The
I actually love what I'm doing. I think we're having fun and we're going to continue to do this
I don't want to make it much bigger
You know, I don't want to have that many more people that'll just make it more sort of
System-oriented where I'm not close to the companies because what I enjoy
Is when I'm close to the companies and the problems and that's where I think I add value
I'm just trading off. Yeah, I'm very old at this point in this industry
And so I'm you know
Hopefully reaping the benefits of the judgment that you get after dealing with these things and
making lots of mistakes along the way
But a bunch of things going well
Another thing that I like about you is that um
You're very emotionally stable like every time, you know, I've only talked to you three times
But like you are quite logical and like you seem like a guy who isn't rattled and I read an article
about
business insight or selling and I think
The article said Henry Blodgett is a very emotional person which is makes sense because he's a
journalist
He's a great writer
And during the sale, I think someone was I think he was like I'm not even talking to axel springer or
whoever bought it
Uh, Kevin has to do it. Yeah, like I just I can't even be in that room
Yeah, and like it was like all right Kevin steps in and he's the reasonable one or he's like the
emotionally
Like I negotiated I negotiated the entire deal
Uh, and you know and look I could not be a bigger fan than I am of Henry's but
It would be like if if someone kidnapped your daughter
Uh, are you a good negotiator with the other side and the answer is no, right? You're like give them
everything
You know, we just get her back. So we need someone else to do that
and so
It was better for me to do it. He was very nervous because I was pushing to get a higher price
And but we did, you know, we were doing 40 million at the time. We sold it for 11 times revenues
Which is a big big number for a media property insane. Yeah, it's insane
We're good friends with one of our best friends is Austin reef the founder of morning brew
Yeah, and and they're they're killing it for for bi and uh great that happened that for me, but great
acquisition
Uh, I still get that product every day. I think they do a really nice job. I have a great editorial tone
But you're right. I'm I'm don't I mean this
I think it's important to not get too emotional about any one company and that's one of the things I
can bring to the table

But when you're CEO, you're just so close to
You're you're you're in the forest
I can step back a little bit and sometimes say look, you know
This is gonna be bigger than you think and we should you know double down or it's not working
And let's figure out a way to sell this
It's easier for me
A question that we uh that we like to ask people
Is like what do you do at your money? So like if you know of your of your pie chart of your hundred percent portfolio
How do you how do you allocate?
To different stuff, you know, do you have public equities and just normal bonds and stuff?
Are you all in on private company? What are you doing all in on private companies?
So probably 90 percent of my net worth is just in my own firm and in investing in various companies and things
Uh, I have a I've summoned in some vc and private equity firms. You know as an lp
Uh, you know, and I do have some real estate. Uh, I bought a building a commercial real estate building
between on mott and broom
In between soho and bowery
And so when you come visit in a year that'll be the alleycorp headquarters
There'll be a restaurant in the in the in the in the retail floor
Five floors of commercial real estate and an amazing roof deck with parties for 150 people
And dinners for 30 people up there. So it's gonna be a real tech center
So we're it was a shell of a building and construction starts in a week
We've designed it over the last nine months. It's a super fun project
But it's also a diversification for me and owning some real estate
But you don't have any public public equities. No other than I imagine you still own stock and uh, Mongo, yes, but like you don't you don't have any boring
Indexes really are you heavy on cash?
Yes, I always keep a lot of cash
I need to keep a lot of cash because I don't have you know, I don't have a salary
So and I don't know when money's coming back
Where do you keep your cash just in a in a in as simple as a high yield savings account? Yep. Yep, exactly
I need to be super liquid
Dude, that's so fascinating. This is awesome. Thanks so much for coming on. We uh, as you could tell big fans and
What you've done is is pretty incredible. Also, I think there's just like what you do about thinking about where the world is going
What ideas what opportunities what problems?
It's also, you know, the premise of our podcast when we don't have guests on that's all we're doing
We're thinking about that and we're we're brainstorming what that could look like
It's our entire audience is people who like hearing about those opportunities or stories of people

capitalizing on them

So I think this is uh, you know, very very good fit. Thanks for thanks for doing this

Right. Well, thanks for having me on this was fun. I'm again good to reconnect

And I hope you realize like I'm not just talking shit like you had a really big

You you you've had a big impact in my life

And um, I'm going to be following a bunch of stuff that you do and and I have this document that I it's like

uh, 500 pay 500 words of the notes that I took when I talked to you and I've and you actually predicted that

How much we were going to get acquired for by the way, you didn't really you nailed it. Yeah

You nailed it. Um, you said I think in two years going to get bought for about this much. You nailed it

Uh, you predict two other acquisitions in the media space as well in my notes

I I'll share it with you. So you see the notes

But uh, you've had a really big impact on me and it's really cool to talk to you and hopefully we could stay in touch

Of course, we it sounds like we need an in-person

meeting, uh, we need to get together and and see what the next five years are going to look like

Let's do it, man. I would love that and and we appreciate you. Thanks for coming on. All right.

Thanks

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 the road. Let's travel never looking back