Disrupting the Disruptors: Technology 3.0

What the Future May Hold For Facebook, Google, Amazon, Apple, Microsoft, Twitter and Others Via Disruptive Innovations From Mobile to Search to Ecommerce to Bitcoin

By Alex Hammer

(multi-time bestselling Amazon Author)

Introduction

Disrupting the Disruptors: Technology 3.0 contains the following:

Chapter 1:
How Facebook Could Be Killed By Mobile (and what Kara Swisher understands better than perhaps the rest of the world)
Excerpt:
"Software IS famously eating the world (Marc Andreessen)

Why Software Is Eating The World

Every business is becoming a software business, and being disrupted in the process.
In regard to mobile specifically, it may well be eating the Universe.
Mobile is disrupting the disrupters.
Starting with Facebook."

What can we learn from Amazon in regard to creating the next disruptive wave of Ecommerce?
Excerpt:
"You've heard about the buying cycle. The buying cycle depends on the type of product, the price, the degree of need (and how immediate it is) and other factors, but most people (unless they are very highly motivated, for example they need the product and right away and can easily afford it) will not buy a product the first time they see it. They need to be exposed to it over a period of time. They need to compare it to other products. They need to consider whether that is the type of product, among all the choices, that they really want or need. That is why they call it the buying CYCLE."

Chapter 3:

Industry Leaders of Tech 2.0 Interview David Cohen: "Look for us to continue to pile up unfair advantages for our companies"
Excerpt:
"It sounds really simple, and it is. It's all about the people. We take the very best entrepreneurs we can find, and put them in a room with the very best mentors. We have over 1,000 great people that have asked to be TechStars mentors that we haven't brought in. Like everything we do, it's about quality over quantity. The 300 mentors that we do have are literally the best. They engage deeply, and they're incredible. When you put these mentors in a room with really fantastic entrepreneurs the outcome is often pure magic. There's a saying about hiring top software developers. The top 1% are 10 times more productive than the next 10%, who are 10% more productive than the rest. At TechStars, we think the same is true of mentors and entrepreneurs. Filtering on the best at both levels has produced something really special.

The World's Most Successful VC's and How They Discover "The Next Big Thing" First
Excerpt:
"3. The Network Effect 2.0

If you want to know how successful you will be in the future, the quickest and most accurate way to do that is to look at the power of your network.

Networks, like money, flow to value. If you want to increase the strength of your network you must increase the strength of your value.

When you have plenty to give you will attract takers, which you can think of as customers, and will attract the attention of high level
individuals and systems.

Chapter 5:
The Future of Search - How the Law of Accelerating Returns is Disrupting the Disrupters and Giving the Advantage to Facebook, Twitter, Apple and Amazon (and one more)
Excerpt:
“Ray Kurzweil famously talks about the accelerating rate of technology change on an exponential basis.
The Law of Accelerating Returns
"*An analysis of the history of technology shows that technological change is exponential, contrary to the commonsense “intuitive linear” view. So we won’t experience 100 years of progress in the 21st century — it will be more like 20,000 years of progress (at today’s rate). The “returns,” such as chip speed and cost- effectiveness, also increase exponentially. There’s even exponential growth in the rate of exponential growth.*"

One implication of this is that it is easier than ever for the disrupters themselves to be disrupted. For the adoption cycle of new and disruptive technologies is becoming more and more and more accelerated and compressed.

Chapter 6:
Fred Wilson and the Future of Bitcoin - An Analysis of the Bitcoin Investment Landscape
Excerpt:
“Let's unpack a little of what Fred says above first in regard to regulation and Bitcoin. The United States is, in fact, considered, when viewed on a global regulatory scale, one of the friendlier countries towards Bitcoin (Source: Exclusive: State of Bitcoin 2014 Report Analyses Emerging Trends, Slide 8). For example, there is a marked contrast in the regulatory environment of the United States towards Bitcoin versus, famously, the more unfavorable attitude of China, which is itself mild compared to Russia.

So, we need to keep that perspective here. Chapter 7:

Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"
Excerpt:
“**What Does the Future Dominant Company Look Like?**
Google, Amazon, Facebook, Apple and even Microsoft increasingly compete against each other. Are they Content Providers? Advertising Platforms? Search Engines? Social Networks? Hardware Providers? Ecommerce Platforms?

The more complex the world becomes, the more we need integrated systems that are highly personalized and (self) organized to guide us.

Gaining efficiencies in this competitive landscape by differentiating signal from noise is the "killer app".

Chapter 8:
Industry Leaders Interview Brad Feld - "Fundamentally, it’s about being open, honest, direct, respectful, and humble"

Excerpt:
“**Brad Feld:**
I read a lot of science fiction and am constantly thinking about the future, both from the context of the present, as well as the context of the past (say – writing 40 years ago about today). When I let my mind run free, it’s clear to me that the machines have already taken over. From this has emerged our human computer interaction theme.”

Chapter 9:
What investors don't realize about startups Excerpt:
“In Black Swan Farming Paul Graham writes: "That's made harder by the fact that the best startup ideas seem at first like bad ideas. I've written about this before: if a good idea were obviously good, someone else would already have done it. So the most successful founders tend to work on ideas

that few beside them realize are good. Which is not that far from a description of insanity, till you reach the point where you see results."

Success in any field is about seeing around curves. Wayne Gretzky, asked about his success, famously said that he skates not to where the puck is but where it is going to be.

80% of our success comes from 20% of our efforts, but 99% of our great success comes from 1% of our efforts. Graham again:

"Unfortunately picking winners is harder than that. You have to ignore the elephant in front of you, the likelihood they'll succeed, and focus instead on the separate and almost invisibly intangible question of whether they'll succeed really big...”
Chapter 10:
Beyond Content Search - Toward a Science of Content Organization
Excerpt:
“The future of content is content organization. One has millions and millions of YouTube videos available to watch, but, even with search, it's difficult to find what you want. Sometimes you don't know exactly what you want (and that is why you are doing the search in the first place) and sometimes what you think you want is only a small subset or what you really want if you knew all of the choices available.

We have thousands of TV channels available but we can't find the good stuff to watch.

Tech videos are all over the web. How do you find all of the best videos produced yesterday on the web, or all the best videos of a single person (blinkx.com is one start, but it is still not intelligent search, there is too much wading and sorting)?

THE NOISE IS OUTWEIGHING THE SIGNAL, AND THE RESULT IS INEFFICIENCY AND WASTE. Curation is one answer, but it is too expensive (ask Mahalo).

and Chapter 11:
Why Vox, Pando and FiveThirtyEight Should Merge
Excerpt:
“There may or may not be enough oxygen for each of these sites, or the largest ones, to survive along with their competitors over time, **but if discipline is not instilled from the inside via a merger, the lack of scale, lack of organization and lack of differentiation will make all three relatively easy and prime pickings for disruption from the outside**.

Remember, we live in an era now of the the disruptors themselves being vulnerable to being disrupted.”

CHAPTER ONE

How Facebook Could Be Killed By Mobile (and what Kara Swisher understands better than perhaps the rest of the world)

Software IS famously eating the world (Marc Andreessen)
Why Software Is Eating The World

Every business is becoming a software business, and being disrupted in the process.
In regard to mobile specifically, it may well be eating the Universe.
Mobile is disrupting the disruptors.
Starting with Facebook.

The announcement that Facebook paid $19 billion for WhatsApp is a seminal event in the history of technology. I know that this sounds bold but it demonstrated just for starters that the days of purchasing a quickly built Instagram for $1 billion is far (very far, very very far) from a black swan event.

And it shows that Facebook, just recently considered the emergent dominant force in technology, is clearly on the defensive playing catch-up.

AND HIGHLY VULNERABLE.

You don't believe that? If mobile is eating the Universe, a lot of big companies who do not excel in mobile as a CORE COMPETENCY in the mobile space will die.

(Facebook's strengths in mobile will also be discussed)
Is the technology landscape starting to not only shift but explode?

Things could change, but how strong is Facebook in mobile compared to Google and Apple, for starters? (**Think mobile operating system, detailed below**)

Mobile competition is the defining factor. If Facebook cannot find a way to keep up with Google and Apple in the mobile space, they are (eventually) toast.

And at the prices that today's leading mobile apps are and will be selling for - no, WhatsApp will not be the higher water mark,and perhaps not by a longshot, Facebook, as rich as they may seem to be, could easily go broke in this arms race relatively quickly.

YOU READ IT HERE FIRST.

I read in one article that the WhatsApp purchase represented 9% of Facebook's stock. If accurate, (and I'm not sure or not whether it completely is as Facebook has a current market cap of $169 billion and change Page on google.com, but in any event the purchase represents a major major event for Facebook (and beyond)) I'm surprised that this huge bet on a single app by Facebook is not being more discussed specifically in regard to representing more than a moderate amount of risk for Facebook.

I don't know that this marks (pun intended) Facebook as being desperate, but clearly Facebook is highly vulnerable living on the buy side in a buy versus build mobile world.

Ok, you may not believe me, but listen to what Kara Swisher, who you love and respect, has to say about the WhatsApp purchase

Facebook Price for Having No Phone OS? $19 Billion. A Must-Have Apps Play? Priceless.
Kara writes in part:

"Translation: We have now established a price floor for what it costs *not* to have a mobile operating system in a world in which having a mobile operating system counts for an awful lot these days.

And that means, for all intents and purposes, Google’s Android operating system and Apple’s iOS. And not, despite various and sundry efforts, Facebook, which also has tried to create a mutated shell version of its own OS called Home. (Phone home, as it turned out, did not work as well as it did in the movie.)

But a mobile presence is a must-do in the current digital environment, and this massive acquisition makes it clear that Facebook has decided that its core strategy will be to create or buy up must-have apps that consumers demand to have on their mobile devices."

Facebook only has a finite amount of money for acquisitions of course, as big as it is, and there are and will be a lot of valuable apps out there. $19 billion for one communication mobile app? $19 billion here, and $19 billion there. And pretty soon you're talking real money.

Bankruptcy money perhaps when you consider the terms of this purchase for Facebook and what it implies going forward in this mobile eats the Universe world (**read till the very end to see what I mean, no spoiler provided**).

And prices, obviously are hitting the
stratosphere. Marissa Mayer has "bought in" on mobile as a core strategy

https://www.youtube.com/watch?v=73_LTTcby mc
Google has huge pockets.
Facebook is truly vulnerable in this new world.
In Facebook's Defense

Of course I am not saying that Facebook is toast. That might be ludicrous. But it doesn't sound quite as ludicrous as it did two days ago before the WhatsApp purchase was announced.

Of course Facebook builds in addition to buys. Paper for example. And they have their own messaging service, which they are keeping.

For Facebook, a company famously known for growing to the top in such a short period by building feature after feature themselves (Zuckerberg as a coder himself is an iconic image) isn't it ironic that in the mobile world, which is eating the Universe, that Facebook, seen to be the up and coming company displacing Google and Apple overall, is now in danger of being destroyed by Google or Apple in this mobile transformed technology world.

Or by another company. We're only at the very very very beginning of the mobile landscape. What if the next groundbreaking mobile company, say 2-3 years from now, is at that point (again, remember all the competitive bidding among the technology giants) now worth $100 billion.

And what if it decides not to sell but compete with the giants on its own.

Maybe Snapchat was totally crazy to turn down Zuck's $3 billion
Snapchat Spurned $3 Billion Acquisition Offer from Facebook - Digits – WSJ (or possibly not). But maybe some future hotshot breakout mobile startup will not be.

And Snapchat, despite being today's media darling may still seem unimpressive to some, is not alone. Remember Twitter famously spurned Facebook, for example, as well.
When Twitter Met Facebook: The Acquisition Deal That Fail-Whaled
(Kara again, gosh darn it)

Deja Vu All Over Again

Look at Microsoft. The lost decade (and longer) famously involved Microsoft being very late to the Internet. And not understanding it well because it was invested so heavily in its legacy products.

Bill Gates' famous warnings have not been seriously enough heeded by the company. To. This. Day.

Goodbye Steve "Windows Mobile - Surface" Ballmer.

Apple and Google ate Microsoft (Microsoft is still in the game but clearly in "ketchup" mode). And Apple and Google (or somebody else) may destroy Facebook as well.

Zuckerburg Has Been Outvisioned by Larry Page and Jeff Bezos (and of course Steve Jobs as Well)

This headline might have seemed utterly absurd until recently. Mark Zuckerburg has long been viewed as a visionary, and an incredible one at that. And he may well still be. But today, never moreso than after this acquisition, Facebook is looking rather small. Or more accurately, NARROW.

Not because of what Facebook is but because of what the world is, the Universe is, the landscape is in this post WhatsApp acquisition world.

Humpty Dumpty has fallen and cannot be put back together again.

Mark Zuckerburg, as incredible as he is, to survive much less prosper needs to take a lesson out of Larry Page's moonshots and Jeff Bezos' bringing together of convergent dominant technologies

Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"
And fucking quickly as well.

Bill Gates I believe it was, was famously quoted as being most scared by two kids in a garage. These two kids, now funded by TechStars or Y Combinator and an initial seed round, now have, believe it or not, in the next few years the capability to morph quickly into a hundred billion dollar company.

For real. Most won't of course. But all it may take is one.
Every company is at risk. Including, for example, Amazon:
https://www.youtube.com/watch?v=cfktvIlCoY E

It is famously said that people overestimate the amount of change in the short term, but underestimate the amount of change in the longterm.

For Facebook today, and many others in the coming days, that long-term has arrived today. **Why The Future is Now**

How much power do you have when you can command $19 billion, and you are predicated on a business model that might well be considered actually anti-monetization (and Facebook gives in to this anti-monetization model despite purchasing).

I know it sounds crazy. Don't believe it. It's all in the blog post announcing the purchase from WhatsApp investor Sequoia Capital
WhatsApp | CrunchBase Profile

which reads in part:
Four Numbers That Explain Why Facebook Acquired WhatsApp

"Jan keeps a note from Brian taped to his desk that reads “No Ads! No Games! No Gimmicks!” It serves as a daily reminder of their
commitment to stay focused on building a pure messaging experience.

This discipline is reflected in WhatsApp’s unconventional approach to business. After one year of free use, the service costs $1 per year — with no SMS charges. This can save users trapped in expensive data plans up to $150 per year....."

There's more. Get ready, here is the money shot quote from the Sequoia post:

"Facebook has assured Jan and Brian that WhatsApp will remain ad free and they will not have to compromise on their principles. We know that Jan, as a new member of Facebook’s board, will continue to champion the rights of WhatsApp users."

$19 Billion for an essentially free service that will remain so and without ads? A purchase that represents, frankly, a very substantial chunk of your company's worth? For one app?

THE WORLD HAS FUCKING FOREVER AND UTTERLY CHANGED.
Believe it (or not at your own risk)

CHAPTER TWO

What can we learn from Amazon in regard to creating the next disruptive wave of Ecommerce?

Interesting and important question.

I've talked before about disrupting the disrupters (in this case Facebook);
How Exactly Facebook Could Die By Running Out of Money For Mobile Acquisitions - The Dangers of Being on the Buy Side in a Build or Buy Framework When Mobile Is Eating the Universe (and what Kara Swisher understands better than perhaps the rest of the world)

No easy task at all, certainly, but extremely lucrative if even partially succesful.

I believe in looking at the disrupters, studying them, to look for clues and patterns in regard to the potential "next big thing".
Of course many people are seeking to do this same thing.

There's different parts of the elephant. What is next in mobile, for example? WhatsApp has a piece (a $19 billion dollar piece). Instagram has had a piece. Android and Apple iOS, obviously, have major pieces.

But how do the pieces of the puzzle fit together?
What are the underlying principles and dynamics?

When you understand the whole, or at least the general big picture, then the various elements have more meaning, actionable meaning, in regard to how they can be grouped together.

N'est pas?

What have we learned from Amazon about ecommerce?
If you wish, reflect upon that question for a few moments and come up with your own answers.
I'll throw out a few ideas.

We know that Amazon is an Ecommerce revolutionary. How do they do it? What are some of the key differentiators?

Personalization is one. Just as Netflix has a superior recommendation engine that fueled their growth (e.g., if you liked that, you may also like this) Amazon is similar. Amazon can be used as a discovery engine. Google gives you (hopefully) the results you are already looking for. Amazon is a marketplace where you can discover additional things you didn't know you wanted or needed.

Depth of selection is another. Amazon is the online Wal-Mart. But bigger (it's not constrained by physical space for one thing). It's one stop shopping. If you can't find it on Amazon, it probably doesn't exist. That is a little bit of an exaggeration of course, but if you wanted to go to one place to find the greatest selection in the widest selection of categories, where would you go? Amazon. It's the 800 pound gorilla. It's the defacto standard.

Distribution . We mentioned Wal-Mart. The problem with stores is that they are, of course, expensive. Amazon has perfected its distribution methods such that they can move and control the flow of merchandise to an amazing degree, resulting in great cost efficiencies. These savings can be passed on to you through initiatives such as Amazon Prime.

Price . The natural evolution of the above. Price, as they say, matters. Wal-Mart put department store chains out of business, and then other discounters out of business, through greater efficiencies (e.g. logistical systems, ruthless vendor relations on price, operational cost containment, etc.). Amazon put bookstores out of business. And many other fields.

Convenience . One click shopping anyone? Finding what you want is a major convenience (depth of selection, personalization and recommendation) and then they make the buying experience easy.

Complete buyer experience . Apple has been the master of creating and controlling the buyer experience from end to end. They control the hardware. They control the operating system. They control the service. Amazon lives on that same page. You not only buy books and magazines but you read them on your Kindle (and we could discuss services for businesses also such as Amazon Web Services (AWS)).

Content - Ah here's the big one as far as the future of Ecommerce is concerned. Amazon is a major player in the online content business, but the relationship between content and ecommerce is still in its infancy.

We'll show you how.
The Relationship Between Content and Ecommerce

Ok, picture this. Remember the classic Reese's Peanut Butter Cups commercial, which went essentially "You got chocolate in my peanut butter. you got peanut butter on my chocolate."

Great commercial.

Ecommerce and content are chocolate and peanut better. They go insanely well together (I'll detail - far outpacing the Reese's Peanut Butter Cups analogy). But, as with chocolate and peanut butter, their pairing (and more importantly their successful pairing) is not necessarily intuitively obvious.

The idea may be simple, in regard to putting them together, but simple doesn't mean easy. You can lose your shirt if you just start putting up content (which can be expensive to produce, think of the common fallacy "if you build it they will come") and just slop it together with ecommerce.

Before getting into some of the potential pitfalls, I want to outline why you can make a boatload of money if you can effectively pair content and ecommerce together, and why this may very likely be a, or even the, next disruptive wave of Ecommerce.

If you can create what I call a destination content site (and do this by the way across platforms, phone, tablet and web) then you can use Ecommerce, if it is well set up and integrated, to sell a ton of products.

Here's how it works (the ultra simplified version).
People buy from trusted sources. Everybody knows that. You can spend millions, tens of millions, hundreds of millions or even billions over time to develop and maintain a leading, trusted and reliable brand.

Think advertising, in all of its forms and expense.
Very expensive.
Good content does this for you. How does this occur? It requires a bit of a discussion.

First, let me introduce our startup, Media 2.0, which is 100% focused on successfully implementing that "You got chocolate in my peanut butter. you got peanut butter on my chocolate.". That is, how content and ecommerce can be effectively paired in a way that is extremely lucrative (as opposed to the already cited alternative of potentially losing one's shirt).
This video:
Why we claim we are the future of ecommerce - Investor FAQ

https://www.youtube.com/watch?v=cfktvIlCoY E
lays out the basics.

Watch the video (even study it if is not too presumptuous for me to say that) because there is quite a bit there. But I'll also outline in this post a few of the important points.

Before I do so, let me say just a couple of words about "moon shots". What we are attempting to do is a "moon shot". It is a transformative effort, not a small iteration or improvement on what has already been done. Of course "moon shots" are, by definition, riskier than the typical investment, because they are harder to achieve. But the upside is so much greater as well if and when they are achieved. I discuss the nature of "moon shots", their nature, importance and limitations here:

Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"

The essentials

Ok, back to chocolate and peanut butter, content and ecommerce.

Think about this: When you trust a content site (mobile or web) and it becomes a destination site, this means, as a few components, that you ascribe considerable value (and trust) to the site, and that as a result you come back often and spend considerable time there.

Say, for example, you're a car buff (that is rather general, it could of course be more specific, say a BMW buff, or any degree of generality or specificity along the dimension). You just love cars. Love 'em, love 'em, love 'em.

Ok, you come across a car site that has such amazing content, much better than you have ever found before. In depth reviews of your favorite releases, safety reviews, amazing pictorials. **The key here, for the site, is not to try to be all things to all people, but to provide a superior value proposition for the target audience.**

You've heard about the buying cycle. The buying cycle depends on the type of product, the price, the degree of need (and how immediate it is) and other factors, but most people (unless they are very highly motivated, for example they need the product and right away and can easily afford it) will not buy a product the first time they see it. They need to be exposed to it over a period of time. They need to compare it to other products. They need to consider whether that is the type of product, among all the choices, that they really want or need. That is why they call it the buying CYCLE.

It takes time.

Destination sites, trusted over time as a high source of value add, visited frequently and for long periods of time, are a natural fit for the buying cycle if enough sufficient other factors are also met.

The general idea is, you love to read about BMW's because your last three cars have been BMW's (or you like to read about a certain health issue because it pertains to you or someone you love, or you love to follow information on your favorite sports team, etc., you get the idea, the possibilities are endless) and you're spending a good chuck (or even modest chunk) of your discretionary income on products for your BMW. New tires, rims, interior upgrades, the list might go on and on and on.

What if your trusted content BMW destination site also provided a superior collection (leading brands at leading prices, etc.) of BMW related products in which you were also interested. What if there were very tight algorithms such that the products displayed ALWAYS MATCHED the content you were reading and learned about your interests (personalization) over time. Like the Amazon and Netflix, "if you liked that, you may also like this".

What if the product offerings were professionally, seamlessly and attractively fit to the content? There have been a lot of studies for example, that Adsense and other advertising formats conversion rates vary widely, often quite dramatically, based upon how well they are integrated and the sophistication, relevance and presentation of the ad. There is a great deal, of course, that goes into that, but you start to get the general idea.

In a destination site, the ad transforms from an ad to a value add. Not easy to do but doable.

So, element number one in making ecommerce and content work together well is creating destination sites. I've created two videos which discuss the very basic elements of destination sites which I have started to discuss here:

Essential Factors in Making Money Online - Creating Destination Websites - Part 1
https://www.youtube.com/watch?v=qFonPLZMhA
and
Essential Factors in Making Money Online - Creating Destination Websites - Part 2
https://www.youtube.com/watch?v=2bv2uU7G 2-w

This just BARELY scratches the surface of course, but this is a long post already so we'll break it into chunks.

I'm in the process of writing the following parts, if you want them contact me by email at hscpub@aol.com

Part 2: How to produce effective content without breaking the bank. The costs of generating high-volume high quality content can easily put you out of business in a short period of time if not done extremely well. High volume, high-quality content is a counterintuitive, frankly difficult to accomplish combination, because often volume and quality are seen to be tradeoffs of each other. High volume is important in creating destination websites because you need enough content to be found on the search engines (and in other ways) and enough content for the individual to want to return to read it frequently and to spend a lot of time at your site(s). High quality content is essential because one is not seeking merely to obtain traffic, but the right kind of traffic. As you are focused on ecommerce, you want to attract an audience of individuals with money to spend (across varying price points) and you need high quality content to attract such an audience, such a demographic.

Pay for performance content creators (and there is a lot more to it than you might think) is but one method that will be outlined that can, when done effectively, result in your producing effective content without breaking the bank.

Contact me at hscpub@aol.com for Part 2.
Part 3: Barriers to Entry

As I said, just because certain ideas are relatively simple, does not mean that they are easy to successfully implement. You want ideas to be simple oftentimes, because it makes it easier for your team (and your customers as helpful) to understand them. But for competitive reasons you want there to be barriers to entry such that your product cannot be easily copied or reverse engineered by those, especially those with deep pockets, who would like to profit off your labors by stealing your business model.

Barriers to entry is one the essential
underpinnings in our business model. We have a number of "secret sauce" components in the model which are difficult to notice (much less replicate) but which are critical to the success of pairing content and ecommerce. If you are an investor who would like a beginning flavor in regard to how such secret sauce ingredients can protect and enhance your investment, contact me. If you are a reader who would like a more expanded but generalized understanding of these principles by reading Part 3, contact me at hscpub@aol.com.

Part 4: Monetization
Monetization is the strength of Media 2.0's informational ecommerce business model. Of course so many consumer mobile and Internet companies say, we'll just grow so large that we'll figure out the "revenue thing" down the road. We are just the opposite. The revenue model is intrinsic and fundamental from the beginning, and -- this is the beautiful part - is structured to scale as the business scales.

Informational Ecommerce is the term that we use for the chocolate and the peanut butter, effectively pairing content and ecommerce.

There is quite a bit to understanding even the basics of monetization in regard to pairing content and ecommerce, but here is something small to consider just to whet your appetite:

Adsense, ad networks and the like are relatively small potatoes. Sure, you can make pretty good money if the traffic is high enough, and we integrate it into our business model, but our model makes many factors greater revenue through ecommerce, as we'll start to explain in Part 4. We also buy the properties
inexpensively, build them up and sell them for a very large profit, and we'll begin to explain this as well.

Contact me at hscpub@aol.com for Part 4.

Parts 5 - 10:
I expect that there will be about ten parts in this discussion as there is a lot of even basic essential elements to cover.

CHAPTER THREE

Industry Leaders of Tech 2.0 Interview David Cohen: "Look for us to continue to pile up unfair advantages for our companies"

Industry Leaders of Tech 2.0:

1. David, you are the founder and CEO of TechStars, the elite startup accelerator. As indicated on TechStars' website, "TechStars provides seed funding from over 75 top venture capital firms and angel investors who are vested in the success of your startup, as well as intense mentorship from hundreds of the best entrepreneurs in the world."

TechStars offers five programs (based in Boulder, Boston, New York City, Seattle and a Cloud program in San Antonio) on a "regular schedule".

Competition for admission is intense. As stated: "TechStars is the #1 startup accelerator in the world. We're very selective – Although thousands of companies apply each year, we only invest our money and time in about ten companies per program location. We have selection rates lower than the Ivy League, so you have to be among the best of the best to earn investment from TechStars."

A few of the superstars that TechStars utilizes as mentors in the program include:Brad Feld, (Managing Director, Foundry Group and also a TechStars co founder); foursquare founder Dennis Crowley; and Jeff Clavier (Managing Partner of SoftTech VC) among others.

In March 2011, TechCrunch reported that "Startup incubator TechStars has raised $8 million in new funding for its programs in Boston, Boulder, New York, and Seattle. The new funding comes from more than fifty venture funds and over 25 individual angel investors. This brings the incubator's total funding to nearly $11.5 million."

This was followed around six months later with the news that "startup incubator and network TechStars has raised $24 million in new funding from the Foundry Group, IA Ventures, Avalon Ventures, DFJ Mercury, SoftBank Capital, SVB Financial Group, RRE Ventures, Right Side Capital Management, TechStars Alumni, and several individuals…this new funding will be used to offer every single new TechStars company an additional $100,000 in funding in the form of a convertible note immediately upon acceptance into TechStars."

First begun in Boulder in 2007 , 8 TechStars companies have already been acquired, over 85% of TechStars alumni companies are still active and less than 8% have failed. In addition, "our companies average over $1M in outside venture capital raised after leaving TechStars" (SendGrid alone has raised over $27 million, Orbotix $11 million, and quite a few others have raised over $1 million with several raising over $5 million each to date). The ten companies from Boulder, Summer 2009, have to date already raised over $41 million collectively. David, to begin, a few questions to try to gain some insight into this tremendous success of TechStars. What, most essentially, is the "secret sauce of TechStars", and how has this developed and evolved as TechStars has expanded its locations and funding?

David Cohen:
It sounds really simple, and it is. It's all about the people. We take the very best entrepreneurs we can find, and put them in a room with the very best mentors. We have over 1,000 great people that have asked to be TechStars mentors that we haven't brought in. Like everything we do, it's about quality over quantity. The 300 mentors that we do have are literally the best. They engage deeply, and they're incredible. When you put these mentors in a room with really fantastic entrepreneurs the outcome is often pure magic. There's a saying about hiring top software developers. The top 1% are 10 times more productive than the next 10%, who are 10% more productive than the rest. At TechStars, we think the same is true of mentors and entrepreneurs. Filtering on the best at both levels has produced something really special.

Industry Leaders of Tech 2.0:
What separates the accepted from the nonaccepted TechStars applicant? Could you provide a few examples of factors that have been critical in making these decisions?

David Cohen:
Often, it's very little on the bubble. The #1 reason that people don't get accepted into TechStars is simply our focus on quality over quantity. Sure, we could fund 50 startups in every batch, but then they wouldn't each get the right amount of personal attention and 10 to 1 mentor to company ratio that we strive for. Instead we choose to put our full energy in to the top 10 or so, and treat them all like family. For us, it's not a funnel or a way to figure out which ones are good or bad. When you get into TechStars, it's for life. So we take admission very seriously.

Industry Leaders of Tech 2.0:
What are some of your roles within TechStars and how has that evolved? What does a typical day for you (if there is such a thing?) look like?

David Cohen:

Well, we're big enough that it's not just about me. I have an incredible team of Managing Directors that I'm very privileged to work with (Katie Rae in Boston, David Tisch in NYC, Andy Sack in Seattle, Nicole Glaros in Boulder, and Jason Seats in San Antonio). They're on the front lines working with the companies every day. I still love doing that but as the organization has grown I've had to focus more on the product and service to our companies as well. I enjoy both, and wish there was more time in the day. I'd say about half my time is spent working with companies, and half on TechStars or the investment funds around it overall.

Industry Leaders of Tech 2.0:
It seems as if every few months, if not more often, there is an announcement of a new tech startup accelerator or incubator. Can you talk about the role of the tech accelerator now in the funding of startups as it has developed and where you see that going? How are tech accelerators differentiated from each other and have we reached or are we approaching a saturation point for tech accelerators?

David Cohen:
I think there is at least one tech accelerator launching every day now. It's not even a trend any more, it's beyond that. There are about 350 accelerators in the world that I know about, and I'm sure there are more now. They're like colleges. Not in the "education" sense but in the "affiliation" sense - these programs will develop reputations (good and bad) and that will say something about your company. They will each have alumni networks trying to help each other. Overall, as long as they're well intentioned and are actually investing money and using reasonable (industry standard) terms, I think they can't really be bad for entrepreneurship. There are going to be some bad actors out there, taking more equity than they should, and/or providing no or less funding. At TechStars, we've led the charge on transparency and have published our full results since day 1 on our web site. We even released the tool for other accelerators to do the same thing. It's easy for an accelerator to be transparent, and the fact that one might not be should tell you something about them.

Industry Leaders of Tech 2.0:
How competitive is the landscape? Do you consider TechStars to be in competition with other tech accelerators, for example Y Combinator (which employs what might be considered a similar financing model as TechStars), for the best tech startups, and what does that competition look like?

David Cohen:
We're fortunate to have a strong reputation, the best mentors, and a recent #1 ranking by a Kauffman Fellows study. I think Y Combinator and TechStars enjoy this reputation effect and have access to some of the best companies. But we're not resting on our laurels - we know we have to deliver for our companies and help them become successful. Over time, the most successful programs will continue to get the best applicants.

Industry Leaders of Tech 2.0:

What assistance do TechStars companies receive after they leave the initial three month mentoring program?

David Cohen:
We're investors for the long term. We help like any investor would long term (introductions, product feedback, business model feedback, etc). We also have an incredibly vibrant alumni network and get together physically once a year. It's become a pretty amazing group. There are also very vibrant online communities for our founders and companies that are heavily used. I used the family metaphor earlier - and it's a good one because I think everyone feels this way.

Industry Leaders of Tech 2.0:
If things continue to go as well as they have, where might TechStars be in five years? We might be in a few more places, but again our focus on quality over quantity will win out. We don't want to be everywhere. When we do something we want to do it with excellence. Look for us to continue to pile up unfair advantages for our companies - ready access to the best people in the world, efficiency in fundraising, better information, insight, and tools for them, etc.

Industry Leaders of Tech 2.0:
2. As if all of that growth isn't enough, TechStars also has also championed the Global Accelerator Network "in partnership with the White House Startup America initiative. The Network consists of only the highest quality independently owned and operated organizations from around the world that utilize a mentorship-based startup accelerator model. All Global Accelerator Network members have met rigorous standards to gain membership in the Network. Members share best practices, participate in regular networking opportunities, and have

access to some of the best perks in the world which they may share with the companies they fund".

"The Global Accelerator Network consists of independently owned and operated regional organizations that operate a high quality start-up accelerator programs. The Network provides professional development, networking
opportunities, training, consulting and ongoing support for members...the Global Accelerator Network encompasses 57 program locations across 6 continents".

How did you come up with the idea for this type of network, how does it benefit TechStars in addition to the ecosystem of startup
accelerators, how has it performed to date, and what are some of the competitive advantages, despite its independent nature, of such
uniformity or scale?
I was getting phone calls 2-3 times a day from people starting accelerators wanting to know what we've done and how we've done it. I wanted to help, but it was taking up a ton of my time. Rather than think of these folks as competitors, I decided to help because I believe that this accelerator phenomenon is good for entrepreneurs overall (again, assuming they are actually investor[s], and are not taking too much equity, and are being transparent with their results). If it's good for entrepreneurs, I want to support it. But over time this became too much for me to handle - and got a bit monotonous. So we talked to the folks behind Startup America in the Obama Administration, and decided we'd open source TechStars and help champion the Global Accelerator Network. Today I'm one of 7 advisors to the GAN and there are about 45 member organizations globally. See www.joingan.com for more information.

Industry Leaders of Tech 2.0:
3. David, the awareness of TechStars has been further developed through TV, with TechStars on Bloomberg, and video, This Week in TechStars and TechStars TV (I also love the powerful video on the TechStars homepage in which you start off the video by saying "TechStars is like an unfair advantage for your startup" and near the end of the video exclaim "This is where you'll find the best community for your startup on the planet").

I watched this episode of TechStars on Bloomberg which follows TechStars New York companies six months after demo day (and introduces "the two Davids") and one thing that struck me was how companies could pivot so quickly in a short program and the class still be so successful raising funding from investors. How did and does the media exposure and examination of how the sausage is made effect TechStars overall?
We made the TV show for two reasons. First, we wanted to let everyone see how valuable amazing mentorship can be. We wanted to encourage more people to become mentors to entrepreneurial companies. Once you've "made it" as an entrepreneur and had a successful exit or two, you can choose to go relax on a sailboat somewhere, or you can give back. Giving back makes a huge difference to our country, to job creation, and to future generations. We wanted to show people that they should do that. Second, we wanted to give people an honest look at how hard it really is to do a startup. It's not for the faint of heart, and I think that came across.

Industry Leaders of Tech 2.0:
4. David, you have a strong background as an entrepreneur. "David was a founder of several software and web technology companies. He was the founder and CTO of Pinpoint Technologies which was acquired by ZOLL Medical Corporation(NASDAQ: ZOLL) in 1999. You can read about it in No Vision, All Drive [Amazon]. David was also the founder and CEO of earFeeder.com, a music service which was sold to Sonic Swap in 2006. He also had what he likes to think of as a "graceful failure" in between."

What are some of the lessons that you learned as an entrepreneur, and how does this assist you in your work with the entrepreneurs of TechStars?

David Cohen:
Too many to count. Startups are one of those things that you only learn by doing. On the internet, one of my biggest lessons (and I have a failed company to show for it) is the value and importance of distribution. If you don't have a way to get your product in front of the right people, it won't work. I wrote a blog post about this. The biggest lesson though would be the value of mentorship. It's why I started
TechStars. Inexperienced entrepreneurs greatly undervalue mentorship and network effects.

Industry Leaders of Tech 2.0:
5. David, I ordered and read your book, "Do More Faster" (let's just cut to the chase and admit that you are a genius, which you are), cowritten with Brad Feld and with many contributors across the themes of: Idea and Vision, People, Execution, Product,

Fundraising, Legal and Structure and Work and Life Balance.

In your chapter in the book "Be Open to Randomness" you write in part: "Take a moment and think back to all of the good things that have happened to you so far in your life. If you're like me and you contemplate that list, you'll realize that many of those good things came about in very random ways…Brad Feld is a great example. For many years, Brad has regularly held 'random days' when he'll meet anyone to talk about anything for 15 minutes…Now, guess how I met Brad Feld. It was on one of his random days. And on that random day, guess what we talked about? TechStars!"

How random are random days? How much of a role does intuition play in randomness? Preparedness (in the sense of "luck favors the prepared mind")? The law of attraction?

David Cohen:
On random days, I'll literally meet anyone for any reason. That's pretty random! If you go in with the goal of "learn one thing" from every meeting, you'll find that you usually do! I think luck favors the available mind, sometimes!

Industry Leaders of Tech 2.0:
You also wrote the title chapter "Do More Faster". Briefly, you wrote in part: "I've been involved with a few companies that couldn't do more faster…It turns out that giving up your one obvious competitive advantage often proves to be deadly. If a startup can't do more faster, it usually just gets dead faster."
Constant iteration (for example "the lean startup model") which also features the "minimal viable product" (MVP) is pretty much the rage these days (and for good reason I think). What is the potential trade off, however, between very quick versus more considered action?

David Cohen:
We use Lean Startup concepts heavily at TechStars, and have been lucky enough to have Eric Ries and Steve Blank around the program a fair amount. I honestly haven't found any practical or meaningful tradeoffs when it comes to Lean Startup techniques.

Industry Leaders of Tech 2.0:
6. David, you are also a blogger. In this recent post "Brad Feld's random acts of kindness" you write in part: "Brad has gone on to lead by example with his "give first, get later" philosophy in countless ways… The "give first" philosophy is what powers TechStars, in fact… So when Brad announced that he'd be donating at least $5,000 for each of the 29 upcoming marathons he plans to run to "random" families via GiveForward, and activating his community to amp it up all I could do was smile and say "That's so Brad.""

This type of service mentality is the same type of experience that I have had with Brad and frankly all successful people in life (I like to say that "talent takes one to the top but only character keeps one there"). I also believe in the law of attraction such that like-minded people of maturity are able to find each other and enjoy working together.

Can you talk about how you put all of the pieces together by finding and keeping the best people throughout the TechStars organization. Also, what does the blog mean to you?

David Cohen:
I'm very fortunate to work with such great people every day. Not just the mentors and companies we fund, but my coworkers. There's a mind boggling amount of experience and at the same time humility and goodwill inside of TechStars.

People spend time on TechStars because they love it, and that's a great feeling.
The blog is just an outlet for getting some thoughts out. I am living my professional life as an investor by one simple rule. Help entrepreneurs. The blog is just an outlet to try to do that in another way that has wide reach.

Industry Leaders of Tech 2.0:
7. Finally, David, anybody reading through all of your accomplishments such as those detailed in this interview might well ask themselves, "How does one person become so productive?" So let's add a few more: "David is a[n] active startup advocate, advisor, board member, and technology advisor… He is also very active at the University of Colorado, serving as a member of the Board of Advisors of the Computer Science Department, the Entrepreneurial Advisory Board at Silicon Flatirons, and the Board of Advisors of the Deming Center Venture Fund. He is a member of the selection committee for Venture Capital in the Rockies, and runs the Colorado chapter of the Open Angel Forum."
So, what are some of the secrets to the success and productivity of David Cohen?

David Cohen:
Never sleep. Kidding. The secret is pretty simple and anyone who follows it can be incredibly productive. Do what you love. Don't do anything else. If you do what you love, then work becomes play and pure joy. You just want to do more of it, and that's how I feel. I am proud that I have a balanced life, in fact as I write this I'm returning from a family trip to Mexico. But when I'm working I work very hard and I try to focus and prioritize. And I love every minute of it.

CHAPTER FOUR
The World's Most Successful VC's and How They Discover "The Next Big Thing" First 1. Leverage key influencers

Every day I watch "The Charlie Rose Show" and the "PBS Newshour". Charlie introduces and reintroduces me to people who I need to know. The PBS Newshour shows me not just what is happening in the world, which today I can find anywhere, but most importantly what it means. Information isn't power. Relevant actionable information is power.

The Wall Street Journal, The Washington Post.... All successful people find the top information, in context, most efficiently. Both at the macro but also, essentially, at the micro level as well.

2. Curators are the new black Poorly filtered information, regardless of its quality, leads to information overload. Effective curation allows one to see the forest from the trees. Curation paired with insight and effective strategic and
management systems insures that you are wandering around in the correct forest(s).

3. The Network Effect 2.0

If you want to know how successful you will be in the future, the quickest and most accurate way to do that is to look at the power of your network.

Networks, like money, flow to value. If you want to increase the strength of your network you must increase the strength of your value.

When you have plenty to give you will attract takers, which you can think of as customers, and will attract the attention of high level individuals and systems.

4. Be Open

If "the only constant is change" and one must "evolve or die" then openness is the lifeblood of success. Be open in your thinking, be open in your schedule, be open in your relationships and be open in your time.

In this world of exponential gains, this is not your grandfather's success. We all stand, as they say, on the shoulders of giants, and it is also true, as is said, that we must understand history or be condemned to repeat it, but we live in an increasingly disruptive age such that today's success will not look like yesterday's and tomorrow's most certainly will not.

5. Connect with Disruptors

Here is my recent 7 page interview with TechStars Founder and CEO David Cohen. If "software is eating the world" then TechStars (and Y Combinator, and AngelList) are, potentially and increasingly in fact, eating the world of professional investors. Look at the growth curves, yes...

But also the mindshare.

Here is my recent 8 page interview with elite VC Brad Feld. Does it surprise you that he and David Cohen are so closely aligned?

THE TOP INDIVIDUALS FIND EACH OTHER.
You should do the same.
6. Practice Gratitude

The Universe has physical laws and also metaphysical ones. On a basic level, think about social forces. Why do you wish to help one individual over another? Why would you hire one over another? Trust one over another?

Attraction applies not only to gravity and magnets.
As Ghandi said "You must be the change that you wish to see in the world".
Or famously, "when the student is ready, the teacher will arrive".
7. Recognize "The Next Big Thing"

To be an elite investor, first, moreso than anything, you need a Ph.D. in "the next big thing".

Paul Graham has a great discussion of some of the factors involved.
What if my startup, Media 2.0, turned out to be one of those next big things? Would you even be able to recognize it?

Of course we'd never let you in.
CHAPTER FIVE

The Future of Search - How the Law of Accelerating Returns is Disrupting the Disrupters and Giving the Advantage to Facebook, Twitter, Apple and Amazon (and one more)

Ray Kurzweil famously talks about the accelerating rate of technology change on an exponential basis.
The Law of Accelerating Returns
"*An analysis of the history of technology shows that technological change is exponential, contrary to the commonsense "intuitive linear" view. So we won't experience 100 years of progress in the 21st century — it will be more like 20,000 years of progress (at today's rate). The "returns," such as chip speed and cost- effectiveness, also increase exponentially. There's even exponential growth in the rate of exponential growth.*"

One implication of this is that it is easier than ever for the disrupters themselves to be disrupted. For the adoption cycle of new and disruptive technologies is becoming more and more and more accelerated and compressed.

Don't believe it? Look at Mobile. Facebook, for example, long considered a frontrunner in innovation is, in short order, now on the defensive in Mobile. Facebook is transitioning, at least in mobile, from primarily a build to a buy company - most recently and famously spending $19 billion for WhatsApp, a company that Facebook may or may not be able to monetize, depending upon who you ask.

And a statement that seemed utterly laughable just months ago. Utterly laughable. Now doesn't seem quite so.

Namely, that Facebook could die:
How Facebook Could Be Killed By Mobile (and what Kara Swisher understands better than perhaps the rest of the world)

Die as into oblivion. Cease to be anymore.

Grow or die has transitioned into innovate or die, and where this proves impossible, into buy or die.

One consequence of this has become, almost overnight as well, that "moon shots" have become the new normal.
Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"

The Future of Search

Remember the old truism that change is famously overestimated in the short term, but underestimated in the long term. Well, the long term is approaching for search now. And the tipping point could be a lot quicker, and a lot more disruptive, than people think.

My thinking was stimulated on this topic again today by reading this post
Hey Google, A Search War Is About To Explode

Here are a few quotes from that post to set the stage for the current discussion.

"It seems rather clear that the evolution of search is such that the traditional search engine means less and less, as social networks continue to grow. Sure, Google may continue to dominate the comScore rankings well into the future, but if those rankings don't include a gigantic portion of another sort of search- social, then what's the point?...

And now, just a few weeks ago, Zuckerberg stated that Facebook will compete directly against Google in search. In 2014.

Google knows this, and the late-to-the-game Google+ social platform is proof that Google is worried. Social search is eating into standard search, and it makes sense: A Facebook user who wants to know what people think about a new Italian eatery in his city, the contact info for a reliable locksmith, or whether or not Kanye West's new album is worth buying- these are all things that would have been typed into a traditional search engine in the past...

I'd argue that the one thing that Twitter has over Facebook's head is global reach, at the cost of privacy. What this means is that a Facebook user might dip into his or her personal network of 750 Facebook friends and find information, or perhaps join a public Facebook group with another 2000 members, and get information there. But Twitter has no such limits. A user can simply Tweet what he is looking for, and unless the Tweet is protected, is now open for the world to see and comment on. Twitter is essentially a crowd sourcing search engine...

I pointed out the surreptitious Siri strategy here. But what really caught my eye was Apple's acquisition of Topsy, which is a Twitter search and analytics company.

After taking a look at Topsy, I realized immediately, that simply put, it is a new age search engine. "New age" meaning it searches Twitter, a huge bank of (social) data. On some level, Topsy is equivalent to Facebook's Graph search, but the difference is that because Twitter is a public platform, Topsy can operate independently from Twitter, and therefore allow a company like Apple to spread its tentacles throughout Twitter. And since Twitter is the only true social media competitor to Facebook (not including Pinterest), acquiring Topsy was an ingenious move by Apple to gain a hold in the social media world, which, as I argued above, is really the search world."

There are many important ramifications of the above, which could be discussed for days and still just scratch the surface.
But here's one: Microsoft and Yahoo!, Google's two closest search competitors by far, seem to be competing in search by today's rules.

While Facebook, Twitter, Apple and Amazon (you have to add Amazon, they know everything about what you want - at a minimum from a product perspective) are playing tomorrow's search game.

Today's search game vs. tomorrow's search game.

(of course we could also get into the notions of personal assistant search, voice command search, wearable search or any of a number of additional hypothesized notions in regard to the future of search).

And the Envelope Please
The future winner of search is................. Google - but not Google.

The future of search may be (get ready to be surprised by something you already suspected might be true but didn't realize)

The future of search may be..................
YouTube.

I read somewhere that a healthy percentage of the younger set are using YouTube as their default search engine rather than Google, Bing or Yahoo!.

This makes sense to me. I am increasingly using YouTube as a default search engine as well. In many cases, video answers are proving better than text answers to the questions that I am asking. Which means that YouTube is a better search engine, for me, in these cases, than Google.
And this is happening more and more.

And here's the money idea:

If YouTube were organized as a search engine as well as Google, people might drop Google overnight. If you could get search results organized on YouTube as integrated and thorough as you can on Google, that could be a game changer.

Of course, Google (via YouTube) would be putting Google out of business, to a degree at least, if it did that.

Cannibalization (marketing)

I realize that Google results already include YouTube listings, and that another company may come up with their own hybrid model (or something completely different).

The Sound of One Hand Clapping

Google, Facebook, Amazon and the other behemoths are looking more and more like each other every day. They compete in many major markets, and the distinctions between them (the companies and sometimes also the markets) are blurring.

Search in the future may exist across many different types of activities. This may occur to the extent that the notion of search as something distinct loses some or all of its meaning.

If that ever occurs, then search may become everything, and/or nothing at all.

CHAPTER SIX

Fred Wilson and the Future of Bitcoin - An Analysis of the Bitcoin Investment Landscape

Elite VC Fred Wilson has a blog post today entitled "A Letter to Senator Manchin" **A Letter To Senator Manchin**

in which Fred takes Senator Manchin to task (and rightfully so), as Fred describes, for Manchin's writing a "letter to financial regulators asking them to “take appropriate action to limit the abilities of this highly unstable currency.”"

Fred's investments have included (via Union Square Ventures), some of Tech's big investing and disruptive wins, including (as a few examples):

Twitter (Fred's role in Twitter detailed in famous book Hatching Twitter: A True Story of Money, Power, Friendship, and Betrayal: Nick Bilton: 9781591846017: Amazon.com: Books) Foursquare
Zynga
Kickstarter
Tumblr

and now Coinbase, the leading Bitcoin VC investment to date (Source: Exclusive: State of Bitcoin 2014 Report Analyses Emerging Trends (Slide 7)), with over $31 in funding (Source: Coinbase | CrunchBase Profile).

I want to start by looking at Fred's arguments and then broaden out the discussion to the present and future investing landscape for Bitcoin (as well as its interface with regulatory, security and additional factors).

Fred writes in part:
"Bitcoin is already regulated in the US and it is becoming more regulated every day. And the regulatory environment in the US has dampened the amount of innovation around Bitcoin that has developed here in the US. All the major Bitcoin exchanges have been built outside of the US and a significant amount of the venture capital investment in the Bitcoin ecosystem is happening outside of the US...

When something as new and as different as Bitcoin emerges, it is tempting to want to “put the Genie back into the bottle” and protect ourselves from it. But thankfully the US did not do that with the Internet. The impact of the commercial Internet on the US economy and our society as a whole has been massive and overwhelmingly positive over the past twenty years. We should approach Bitcoin in exactly the same way and if we do, I expect the benefits we will see will be equally important, impactful, and beneficial to our economy and our society."

Fred's full letter is quite short. And general. Fred is a very busy individual, but my sense is that Fred's letter is meant, first and foremost, as a very public but extremely broad defense of Bitcoin to not only regulators but the world more generally.

Regulation and Bitcoin

Let's unpack a little of what Fred says above first in regard to regulation and Bitcoin. The United States is, in fact, considered, when viewed on a global regulatory scale, one of the friendlier countries towards Bitcoin (Source: Exclusive: State of Bitcoin 2014 Report Analyses Emerging Trends, Slide 8). For example, there is a marked contrast in the regulatory environment of the United States towards Bitcoin versus, famously, the more unfavorable attitude of China, which is itself mild compared to Russia.

So, we need to keep that perspective here.

I don't doubt that a significant percentage of capital investment is leaving the US for Bitcoin investments overseas. Certainly Fred is the expert in this space and I certainly believe him. But the more important backdrop is that the total amount of VC investment on this potentially revolutionary technology, Bitcoin, remains to date still so small, under $100 million dollars total - reported by Coindesk yesterday at only $98 million (and that includes all crypotcurrencies) Source: Exclusive: State of Bitcoin 2014 Report Analyses Emerging Trends, Slide 7). So, it is way way way too early to know - much less determine - how the investment landscape will shake out in regard to Bitcoin, and to what degree the regulatory climate of the US will or will not drive and/or impact this.

I believe strongly that a moderate amount of regulation is critical for the health and growth of Bitcoin. Let's take Mt. Gox as the poster child. I don't think that anyone would claim that Mt. Gox was sufficiently regulated. We will not be able to trust Bitcoin exchanges until they have a certain degree of transparency, and they will not have that transparency until they are sufficiently regulated. Mt. Gox could not have had these problems fester over such a period of time with adequate transparency if they were sufficiently regulated.(and still it's not clear exactly what the situation is and was at Mt. Gox, people are fishing for answers and whether to believe Mt. Gox statements as well as the leaked report).

Of course, if Bitcoin is overegulated than this will kill it as well. Bitcoin thrives, essentially, as a decentralized network, and as such a centralized arbiter of Bitcoin is contrary to the very essence of Bitcoin as it has been created and exists.

Not "too hot" and not "too cold"

This regulatory balancing act in regard to the health of Bitcoin, the three bears scenario of not "of too hot" and not "too cold", certainly seems to come into play here.
The Media have been speculating recently that SecondMarket might be able to work effectively with regulators in the US in the formation of a New York based Bitcoin exchange.

As reported, SecondMarket jumps to give legitimacy to Bitcoin,
"SecondMarket works with regulators to create markets for securities that were previously untradeable. And it's the company's willingness to play by the rules plus its relationships with the big banks and investment banks that have some thinking its involvement could be the credibility Bitcoin needs."

This poses an interesting dynamic, if not dilemma. Bitcoin is generally viewed as the "anti-banking" currency. How can Bitcoin play nice with the Big Boys, the regulators and the banks, without being co-opted by them?

And is that even possible? Like a moth to the flame.
Or a wolf in sheep's clothing.

Bitcoin is a $7 Billion market cap and change today. They are defenseless inside a predatory system that gave us the 2008 meltdown and a collection of other scandals.

We are The Little Prince, trying to protect his precious flower.

But just as it is famously said that Democracy (or in our case, more accurately, a representative government) is the worst form of government except for everything else, working with the regulators and the banks may be the very worst thing in the world for Bitcoin, save one.

Doing nothing.

Doing nothing seems headed to "death by a thousand cuts" culminating in catastrophic defeat.

Bitcoin Investing
My company is putting together an $800,000 fund to invest in promising Bitcoin companies.

And separately we are creating a "Coindesk on Steroids" -- think "Google for Bitcoin" (with 85% of the content not indexed on Google) or "Wikipedia for Google" but beyond crowdsourcing.

Many investors, the smart money anyway, have advanced to Bitcoin 2.0. Bitcoin 2.0 is beyond Bitcoin as a currency to Bitcoin as a platform, and other advanced uses. For example the Ethereum's of the world.

https://www.youtube.com/watch?v=q5FDvzj8Y X4

The successful investors, the smart money anyway, will be those who understand best the principles of disruption, and even "disrupting the disrupters".

That has been our main focus of examination, in regard to understanding in a leading way the core principles of the disrupters and the "disrupters of the disrupters".

As a few examples:
For mobile:
How Facebook Could Be Killed By Mobile (and what Kara Swisher understands better than perhaps the rest of the world)

For Ecommerce:
What can we learn from Amazon in regard to creating the next disruptive wave of Ecommerce?

For Search:
The Future of Search - How the Law of Accelerating Returns is Disrupting the Disrupters and Giving the Advantage to Faebook, Twitter, Apple and Amazon (and one more)

and for Technology overall:
Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"

Bitcoin and Security

If the regulators do not kill Bitcoin, by being either "too hot" or "too cold", then security issues may. Hackers seem to be ahead of the curve. The "Pony" virus which infected hundreds of thousands of computers
'Pony' botnet steals bitcoins, digital currencies - Trustwave
was Bitcoin news the very same day as Mt Gox's failure.

The fact that Bitcoin was not devastated or even killed by this 1-2 punch of terrible news (and previously the Silk Road debacle didn't do in Bitcoin as well), I attribute to two factors.

The inherent robustness and resiliency of Bitcoin being one, and a joint statement put out by leading Bitcoin entities upon the fall of Mt. Gox, reassuring the public
Joint Statement Regarding MtGox
being the other.

I believe that the issue of security and the issue of regulation are ultimately closely intertwined. Not until the regulators are genuinely interested in protecting Bitcoin will the hackers be subdued. It will always be an arms race between the criminals and the authorities, but think about this, despite banks being occasionally breached, are you afraid to put your money into Citibank or even your local small bank branch? Of course there is Federal insurance on deposits, but beyond this you have a lot of government "'good guys" (I understand what you may be thinking, if we can think of government technology types as "good guys" in the backdrop of today's world of NSA) working hard to subdue the criminal hacker "bad guys".

Bitcoin needs this as well.

While you can have police brutality or the occasional bad apple cops, how would you like to live in a major city where there are no cops at all? That is exactly what owning Bitcoin, must less investing in it, is largely like today.

The Success of Bitcoin is Ultimately Dependent Upon Effective Organization

For any organization to function effectively it needs to be sufficiently funded, well managed and employ leading tools. This is true for businesses, police forces, sports teams, you name it.

In regard to Bitcoin, this means that the success of Bitcoin will ultimately (I believe) rest on how organized and powerful - and well focused - the Bitcoin community is.

Focus is critical in addition to money and infrastructure, because you can have all the resources in the world but if you do not have sufficient vision....

You can only execute as well as your vision, that is. And an organized, collective vision for a decentralized entity such as Bitcoin is, by definition, no easy task at all.

Let's look at a few recent examples in which the technology community interfaced with government.

In was by an organized and effective effort by the technology community that both SOPA and PIPA were defeated
Internet wins: SOPA and PIPA both shelved

Similarly, Naval Ravikant (along with I believe Steve Case and perhaps others) helped to spearhead an effort to get, somehow - miraculously many feel - the law around crowdfunding changed, by calling in a lot of "favors" in the technology community. As Naval described the effort to Sarah Lacy.

https://www.youtube.com/watch?v=2htlO1oDcI
Fred Wilson
So let's go full circle. Just two days before writing

A Letter To Senator Manchin
Fred wrote another post on Bitcoin,

Mt Gox - AVC
in which Fred wrote in part:
"Full disclosure: I bought a little Bitcoin today. Not much. But I always feel good buying when there is blood in the streets in any market. It is my favorite time to buy."
I'd guess that Fred's intent, at least in part, was to rally the public behind Bitcoin, if only by personal example, to not give up the ship when Mt. Gox was lost.

How well the Bitcoin community is organized, and on what they are focused, is, I believe, the critical factor that will determine, ultimately, Bitcoin's success or failure.

Fred may well be on to something here.

CHAPTER SEVEN

Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"

Larry Page is driving the future of Google towards Moon Shots
Thinking big: Larry Page talks moon shots

Self driving cars
https://www.youtube.com/watch?v=cdgQpa1pU UE

Wearable computing
Google Glass
Worldwide Internet/WiFi access
Loon for All - Project Loon - Google
Healthcare longevity research
WTF Is Calico, And Why Does Google Think Its Mysterious New Company Can Defy Aging? | TechCrunch

What Does the Future Dominant Company Look Like?
Google, Amazon, Facebook, Apple and even Microsoft increasingly compete against each other. Are they Content Providers? Advertising Platforms? Search Engines? Social Networks? Hardware Providers? Ecommerce Platforms?

The more complex the world becomes, the more we need integrated systems that are highly personalized and (self) organized to guide us.

Gaining efficiencies in this competitive landscape by differentiating signal from noise is the "killer app".

"Going Big or Going Home" A brief illustration:

Our startup, Media 2.0, is at the nexus of content and ecommerce. As Amazon has demonstrated (as well as others such as Netflix and eBay) commerce of the future (and today) is driven by content, sophisticated
recommendations, trust networks, user generated content (including reviews, think about this: Would Facebook exist without user generated content? What else is it?),
personalization, efficient distribution, social signals (including social networks) etc.

Why we claim we are the future of ecommerce - Investor FAQ
https://www.youtube.com/watch?v=cfktvIlCoY E

But this is only the beginning of the
transformation of ecommerce (and commerce generally) via trusted content.

Those who "Get It" Write Their Own Ticket

Look at Google. Google's Search is, most essentially and fundamentally, an ecommerce engine driven by content - specifically search content, mediated by Paid Search, AdSense, AdWords and the like. Google "creates" its search content by organizing information from the world to meet user's queries.

Ecommerce and Content are like the famous classic Hershey's commercial. "You got chocolate in my peanut butter. No, you got peanut butter on my chocolate".

The two flow naturally together, but in unobvious ways, just as peanut butter and chocolate is not necessarily an intuitive combination. But unlike chocolate and peanut butter, you cannot just slop content and ecommerce together and expect them to be successful. An idea that is relatively simple is far from easy. Just the opposite, you can quickly and easily lose your shirt if you do not understand well what you are doing, falling into the terribly expensive pitfall of "if you build it, they will come".

In the video above we discuss creating destination sites across mobile and other platforms, and a few of the other important key principles in regard to utilizing content and ecommerce together successfully.

There is a lot more to tell, which is one reason that this domain is still in its infancy.

A Common Link

As per Marc Andreessen, "software IS eating the world". EVERY business is becoming a software business, or at a minimum a
technology business, and being disrupted as this occurs.

But every business is becoming a content business as well. Look at social media as but one example. Can your business survive much less prosper without effective content today?

Some people study companies. Some people study stocks. I look at the macro and micro level, including studying those who most "get it" in the areas in which I am involved:

My 7 page interview with David Cohen: Industry Leaders of Tech 2.0 Interview David Cohen: "Look for us to continue to pile up unfair advantages for our companies"

My 7 page interview with Brad Feld:
Industry Leaders Interview Brad Feld - "Fundamentally, it's about being open, honest, direct, respectful, and humble"

(and many many more)
This post is just to whet your appetite. There is so much more of importance to discuss.

But I'll leave you with this:
Technological convergence
"**Technological convergence** is the tendency for different technological systems to evolve toward performing similar tasks. Digital convergence can refer to previously separate technologies such as voice (and telephony features), data (and productivity applications), and video that now share resources and interact with each other synergistically.

Telecommunications convergence , **network convergence** or simply convergence are broad terms used to describe emerging
telecommunicationstechnologies, and network architecture used to migrate multiple communications services into a single network.[1] Specifically this involves the converging of previously distinct media such as telephony and data communications into common interfaces on single devices."

Jeff Bezos is a genius because he understands how seemingly unrelated businesses are, in fact, related. Larry Page is a genius because he is betting, and betting big, on what is next.

The World's Most Successful VC's and How They Discover "The Next Big Thing" First
Are you?
Go big or go home. That is your only real choice today.

I've come up with a saying that "the Universe expands or contracts opportunities based upon our ability to receive them."

That is your ticket to "The Laws and Secrets of Success".

CHAPTER EIGHT

Industry Leaders Interview Brad Feld - "Fundamentally, it's about being open, honest, direct, respectful, and humble"

Industry Leaders of Tech 2.0:
1. In a recent interview you were asked “What challenges should startups be tackling that they're not?” and you answered:
“I don't think enough people have accepted that the machines have already taken over. They are patiently waiting for us to catch up with them. The next time you are in front of your computer, notice how much information you are entering into it. It's unclear whether we will have a computer-enhanced human future or a humanenhanced computer future, but it doesn't matter. Our world is

now interdependent with the machines, and more entrepreneurs should be working on the symbiosis between the two entities."
Q's: How did you come to this conclusion? **Brad Feld:**

I read a lot of science fiction and am constantly thinking about the future, both from the context of the present, as well as the context of the past (say – writing 40 years ago about today). When I let my mind run free, it's clear to me that the machines have already taken over. From this has emerged our human computer interaction theme.

Industry Leaders of Tech 2.0:
What are the smartest entrepreneurs doing in this space?
Brad Feld:
Some examples of companies we've invested include Oblong, Fitbit, Makerbot, Orbotix, Sifteo, and Occipital. We think the
entrepreneurs behind these companies are extraordinary.

Industry Leaders of Tech 2.0:
What criterion do you use to evaluate their work?
Brad Feld:
We focus obsessively on the product and the people involved. Do we think the product is transformational in the context of HCI? Do we think the entrepreneurs involved can create something amazing that plays into the
transformation? If yes, then it's interesting to us.

Industry Leaders of Tech 2.0:
What do you see as some of the dynamics and size of this market?
Brad Feld:
I don't think about things this way. We believe the macro of everything we invest in is enormous, so we aren't constrained by markets.

Industry Leaders of Tech 2.0:
2. Brad, in 2011 Business Insider placed you #1 on its list of the most respected VC's. In your mind, Brad, what are the characteristics of the VC's that you most respect and consider to be most effective?
Brad Feld:
1. Putting the entrepreneur first. 2. Taking an approach of working for the entrepreneur, instead of viewing the entrepreneur as working for the VC. 3. Having a clear strategy. 4. Being incredibly open, transparent, and TAGFEE about what you do. Fundamentally, it's about being open, honest, direct, respectful, and humble.

Industry Leaders of Tech 2.0:
3. You have an amazing blog, FeldThoughts, where you've written across over 100 topics (from Venture Deals to Robots to Relationships to Failure - one of my favorite of your topics is pet peeves. The site boasts a healthy
community, with typically several dozen comments per post.
Q's: How did the blog start?
Brad Feld:
I started writing the blog to learn more about two technologies I was interested in – RSS and user generated content. I wanted to understand (in 2005) what it was like to be a content producer as I viewed it as an area I was going to be very interested in investing in. I had no expectations around who would read it or get benefit from it – I just started.

Industry Leaders of Tech 2.0:
How has it evolved?
Brad Feld:
I've always loved writing and at some point the blog became my outlet for exploring thoughts, sharing experiences, talking about things I was involved in, and thinking out loud.

Industry Leaders of Tech 2.0:
What functions does it serve for you and you hope for your audience?
Brad Feld:
I[t] doesn't serve a specific set of functions for me – it's just part of me and how I lead my life. My hope is that anyone who reads what I write finds some value in it somewhere.

Industry Leaders of Tech 2.0:
What is its role within the context of your total activities?

Brad Feld:

I don't think about it this way – I write whenever I feel like writing, about whatever I want to write about, which is often.

Industry Leaders of Tech 2.0:
4. In one relatively recent blog post, "What I'm Obsessed About At Work" you wrote "I found myself easily saying no to a wide variety of things that – while potentially interesting – didn't appeal to me at all. I took a break, grabbed a piece of paper, and scribbled down a list of things I was obsessed about. I didn't think – I just wrote. Here's the list.

Startup communities
Hci
Human instrumentation
3d printing
User generated content
Integration between things that make them

better
Total disruption of norms

If you are a regular reader of this blog, I expect none of these are a surprise to you. When I reflect on the investments I'm most involved in, including Oblong, Fitbit, MakerBot, Cheezburger, Orbotix, MobileDay, Occipital, BigDoor, Yesware, Gnip, and a new investment that should close today, they all fit somewhere on the list."
Q: Brad, what are the "points of intersection" or "sweet spots" that connect your varied investor interests and how are they reflected and optimized in your investments?
Brad Feld:
We filter everything we look at based on our themes. If something doesn't fit in a theme, we say no in 60 seconds. If something does fit in a theme, we go really deep on the people and product to determine if we want to be long term partners with the entrepreneurs.

Industry Leaders of Tech 2.0:

5. In 2007 you co-founded he successful VC firm Foundry Group, having earlier co-founded Mobius Venture Capital and founded Intensity Venture (you also are the co-founder of leading tech incubator TechStars (now a network of programs).
According to Foundry Group - About, Foundry Group has invested in over 100 companies as an institutional investor and over 50 companies as an angel investor. Foundry Group's latest venture fund, closed in October 2010, is $225 million.

"As true early -stage investors, we are
comfortable making small seed investments (as little as $250,000 - $500,000)… Regardless of the size of our initial investment, the size of our fund allows us to continue to support our portfolio companies through their entire financing lifecycles… We believe that success comes from building a collaborative and supportive relationship between Foundry Group and the entrepreneurs and executives in whom we invest. Having walked the proverbial mile in the entrepreneur's shoes, we understand where we can add value—such as helping build out a management team, thinking through strategic business development and growth opportunities, or providing advice on exit strategies—and we aren't afraid to roll up our sleeves and get our hands dirty…

Foundry Group's investing activity is largely driven by a thematic approach. The themes we pursue tend to be horizontal in nature and are often driven by underlying technology protocols and standards or emerging market trends and customer needs. Rather than looking for shortterm hits, we focus on themes that have the ability to drive a cycle of innovation (and hence provide multiple investment opportunities) over a period of five to ten years or more.

Examples of the investment themes we are currently pursuing include Human Computer Interaction, Implicit Web, Email, Glue, and Digital Life. As one might expect, we are always in the process of evaluating current themes and investigating new ones. That said, we don't strictly limit our investing activities to our themes—great entrepreneurs with great ideas still count for a lot in our book. In fact, our thinking about these themes can be born from and evolve as a result of our investment in an entrepreneur at the leading edge."
Q: Brad, can you explain a bit in regard to how these investing themes are developed and evolve, and how they interact with the
collaborative focus that you have with
entrepreneurs across the funding lifecycle? **Brad Feld:**
The themes are areas that we are intellectually interested in. We try to focus on broad
horizontal technologies or shifts in the

technology landscape. We then go deep in a handful of the themes. Our goal is to become thought leaders in each area with a view to investing in the theme over a 20 year period. Part of becoming thought leaders is working closely – and deeply – with the entrepreneurs in the themes we invest in.

Industry Leaders of Tech 2.0:
6. The Resource for Entrepreneurs., a well known site in which entrepreneurs can anonymously share their experiences with investment firms lists Foundry Group as the second highest rated fund on the entire site. One rating, entitled "Foundry Rocks" reads "We pitched to 30+ firms for our B-Round in 2009 and got a good dose of the VC world. Some good, some not so much. Foundry was the only firm where we did not have a direct intro. I started reading Brad's blog and felt that they really understood our space. An email, a phone call, a meeting with Brad, then a meeting with everyone and a term sheet within a month. The best part, a year+ into the investment - they really are who they appear to be on their blogs."

Another, entitled "Brad Feld is a VC Rock Star" states in part 'I have known Brad Feld since about 1990, when he was recently out of MIT and running Feld Technology. He has a deep technical background in software and IS design, and he became convinced as early as 1994 that "the Internet will take change the world."… WIth most VCs an introduction is almost a necessity. An introduction would obviously help with Brad but is much less necessary, I think. The reason is that Brad has already done a lot of pre-thinking and already knows the sectors he is interested in and the approach that he thinks people should take. So more than most VCs, he will already be up the learning curve… Brad is very product oriented. Rather than talking about the product, show it to him. If your site is not yet functional, show him a mockup. He likes entrepreneurs who are passionate about the product (e.g., Steve Jobs).

Brad tends to look at things from the point of view of the entrepreneur, in part because he has been one."
Q's: Brad, describe some of the critical components of successfully dealing with entrepreneurs. You are highly visible and accessible. How do you find the best entrepreneurs, and what are the key factors in regard to locating, maintaining and managing deal flow?
Brad Feld:
I try to respond to everyone, I try to be direct, offer something of value when I can, and just be myself. I don't think hard about finding the best entrepreneurs – I just get involved in the mix, engage deeply, and good things emerge.

Industry Leaders of Tech 2.0:
7. I've purchased two of your books, Venture Deals (with Jason Mendelson) and Do More Faster (with David Cohen) and can tell you (as I hope you've realized by now) that you are a genius. Venture Deals is subtitled "Be smarter than your lawyer and venture capitalist". Common-sense insightful wisdom is contained throughout.
One nice feature is "The Entrepreneur's Perspective" in which the ideas under discussion are presented through the eyes of the entrepreneur. One "The Entrepreneur's Perspective" reads "Managing directors or general partners have the mojo inside venture capital firms. If you have anyone else prospecting you or working on the deal with you (associate, senior associate, principal, venture partner or EIR), treat him or her with an enormous amount of respect, but insist on developing a direct relationship with an MD or a GP as well. Anyone other than an MD or a GP is unlikely to be at the firm for the long haul. The MDs and GPs are the ones who matter and who will make decisions about your company".

Another "The Entrepreneur's Experience" reads "'Less is more' when it comes to an investor presentation. There are only a few key things most VCs look at to understand and get excited about a deal: the problem you are solving, the size of the opportunity, the strength of the team, the level of competition or competitive advantage that you have, your plan of attack, and current status. Summary financials, use of proceeds, and milestones are also important. Most good investor presentations can be done in 10 slides or fewer".
Q: Brad, not that it so easy by any means, but in one paragraph how would you distill what you have learned in the VC business so far, and what you would most like entrepreneurs to know? **Brad Feld:**
There is no single VC archetype – every VC, and every firm, is different. Do you[r] research in advance so you know who and what you are dealing with. Be direct and honest all the time. Only work on things you are incredibly passionate about. Recognize that there are lots of ups and downs and failure in the entrepreneurial process – embrace the chaotic part of it. Nothing is easy so don't embark on the journey unless you are willing to work incredibly hard on it.
8. In "Do More Faster" you wrote a chapter entitled "Two Strikes And You're Out" (Alex: Thankfully I still have both strikes to go) in which you write in part: "I live my life by a simple rule that I call

the ‘Screw Me Once Rule’. I permit everyone I work with to screw me over once. When this happens, I confront them, forgive them, and move on. However, if they screw me over a second time, then I’m done with them forever…like a yellow card in soccer, you only get to trigger the Screw Me rule once. If it happens again. We’re done. Forever. I’ve handed out plenty of yellow cards and received a few. In a number of cases, my strongest relationships are with people who have gotten yellow cards. Fortunately, the list of people who have gotten the equivalent of a red card from me is very short.”
Q: I love this, because it strikes a productive balance between strict accountability, growth and even reconciliation. I love also your emphasis on process and relationship building, and, as they say, not letting a crisis go to waste. Can you say a little bit more about how this has worked for you?
Brad Feld:
I’ve used this approach over many years to make sure I spend time with people who I trust. I don’t have to agree with them, and they don’t have to agree with me, but the relationship has to be one of mutual respect and trust. This rule allows we to eject the people who don’t follow it from my life.

Industry Leaders of Tech 2.0:
Also, how do you prescreen people to begin with, eliminating from the beginning those who would be more likely to wind up in the red card category over time?
Brad Feld:
I don’t prescreen people – I just start working with them and give everyone the benefit of the doubt on the front end of the relationship. I believe you learn the most about people by doing things with them.

9. I watched a sampling of videos of you. In this one you develop a very direct but common sense, even kind, basic set of rules of thumb for entrepreneurs to approach and interact with investors. Here you are on “This Week in Startups” (I love “This Week in Startups”, Jason is very good - I found out you also have a place in Alaska, “Angel group practices that make me vomit”, Jason walked through walls, you’ve invested in over 300 companies, being
comfortable with and wearing your idea, etc.) Q's: For entrepreneurs that may be interested in working with you and are thinking of
approaching you to gauge your interest, what are some things that they should most keep in mind as they do their due diligence on you to assess potential compatibility?
Brad Feld:
There’s an enormous amount about me on the Internet – just go read it as a starting point. It’s easy to get to people who know me, or ask me directly and I’ll connect you if it makes sense. And don’t be bashful about asking me direct questions.

Industry Leaders of Tech 2.0:
Who are a few people in the industry that you would most like to interview if you were to sit on the other side of the table (who are you most curious to learn more about?)
Brad Feld:
I don’t have a list – I work hard to connect with whomever I’m interested in getting to know better. When I think about this question, it’s more in the context of people who are dea[d]. I would have loved to spend time with Einstein, Ben Franklin, Thomas Jefferson, Richard Feynman, and FDR.

Industry Leaders of Tech 2.0:
and what would you ask them?
Brad Feld:
I don’t know – I’d want to just have a long dinner with them and see where it goes. 10. Brad, you have run 21 marathons as you work on your goal of running a marathon in all 50 states (I’ve run two marathons and haven’t even visited all 50 states). What does running mean to you, and what motivated you to take on this exciting goal?
Brad Feld:
Running is my form of meditation. It’s a chance to be alone, enjoy the planet, and let whatever thoughts are in my head wander around. I decided to go after the goal about a decade ago as a long form plan for getting into and maintain a high fitness level.

Industry Leaders of Tech 2.0:
11. Brad, finally, how do you get everything done? You serve on the boards of (fromFoundry Group - Team) BigDoor, Cheezburger, Fitbit, Gnip,MakerBot, MobileDay, Oblong, Orbotix, SEOMoz, Standing Cloud, and Yesware. And that’s just the start. “In addition to his investing efforts, Brad has been active with several non-profit organizations and currently is chair of the National Center for Women & Information Technology, co-chair of Startup Colorado, and on the boards of Startup Weekend and the Application Developers Alliance. Brad … writes the widely read blogs Feld Thoughts and Ask the VC.”

In addition, Brad, you are very active in regard to tech community events and interviews, have a

strong social media presence
(Twitter,http://www.facebook.com/bfeld,http:// www.linkedin.com/in/bfeld), as noted run marathons, of course meet regularly with entrepreneurs and are quite accessible and who knows what else? The amazing thing is that you are a leader and maintain such a high level of quality across your professional pursuits. Oh yes, in 2012, you published two new books as well (and you blog occasionally for The Huffington Post.

On Tuesdays and Fridays you spend two hours each helping little old ladies cross the street. Ok, I made up just the part about the little old ladies but the rest is true. Which of course begs the obvious question: Are there several Brad Feld clones running around helping you get all this done??
Brad Feld:
I work hard. I try to have a lot of structure around how I spend my time and I'm constantly experimenting with new approaches when I feel bored or burned out. Overall, it's easy, because I love most of the things I do.

CHAPTER NINE
What investors don't realize about startups

It's a big bad world out there in regard to differentiating signal from noise.

In Black Swan Farming Paul Graham writes: "That's made harder by the fact that the best startup ideas seem at first like bad ideas. I've written about this before: if a good idea were obviously good, someone else would already have done it. So the most successful founders tend to work on ideas that few beside them realize are good. Which is not that far from a description of insanity, till you reach the point where you see results."

Success in any field is about seeing around curves. Wayne Gretzky, asked about his success, famously said that he skates not to where the puck is but where it is going to be.

80% of our success comes from 20% of our efforts, but 99% of our great success comes from 1% of our efforts. Graham again:

"Unfortunately picking winners is harder than that. You have to ignore the elephant in front of you, the likelihood they'll succeed, and focus instead on the separate and almost invisibly intangible question of whether they'll succeed really big...

The first rule I knew intellectually, but didn't really grasp till it happened to us. The total value of the companies we've funded is around 10 billion, give or take a few. But just two companies, Dropbox and Airbnb, account for about three quarters of it.

In startups, the big winners are big to a degree that violates our expectations about variation. I don't know whether these expectations are innate or learned, but whatever the cause, we are just not prepared for the 1000x variation in outcomes that one finds in startup investing." Think about all of the factors that must have gone into the development of Y Combinator. Personal factors in Paul Graham and others. Company factors during its history.

But three quarters of its value on two picks. Sounds like a 99% to 1% ratio (or more) to me. So successful investing is really the art and science of finding and managing that 1%.

In the end, for the most successful investors, nothing else matters.
NEVER FORGET THAT.
Reaching Daylight
How does a running back reach the open field?

One relies upon experience, and instinct. But there is also the playbook and studying film. And then, of course, you have to factor in the important factors of the other 21 people on the football field!

Every day we make little decisions that collectively lead to bigger decisions. These bigger decisions, collectively, define our path in life. It's well known that a 1% difference in arc, over time, relates to a dramatically different destination.

The arc, in its vision and its adjustments is part of that 1%.

Could the elite running back tell you how they reach the open field? If they did, would you be capable to understand?

The Next Zuckerberg

If I was the next Zuckerberg (or Jobs or Page) and my company Media 2.0 was the next Facebook or

Apple or Google, how would you find me?
The question is, would I let you?

Graham:

"History tends to get rewritten by big successes, so that in retrospect it seems obvious they were going to make it big. For that reason one of my most valuable memories is how lame Facebook sounded to me when I first heard about it. A site for college students to waste time? It seemed the perfect bad idea: a site (1) for a niche market (2) with no money (3) to do something that didn't matter.

One could have described Microsoft and Apple in exactly the same terms."
Would you recognize Jobs, Page, Zuckerberg and Gates at the earliest stage?

The great founders manage their investors rather than vice versa.
When you see the tiny trail out of a forest of noise when the forest looks black you have vision.

Learn from the Past

If you want to find the next Zuckerberg or Page you need to understand them. Volumes have been written on each and yet if the next one walked up to you you could still well miss it.

You're not in the business of examining companies, you're in the business of having a Ph.D. in the next big thing.

You have to live the next big thing, be so immersed in it that the forces of the universe draw it to you.

Or as Obama would say, get out of the weeds and stop playing small ball.
Graham + 1

Is it a matter of having more shots at the basket? Graham writes:
"We can afford to take at least 10x as much risk as Demo Day investors. And since risk is usually proportionate to reward, if you can afford to take more risk you should. What would it mean to take 10x more risk than Demo Day investors? We'd have to be willing to fund 10x more startups than they would."

Compare that to Warren Buffett. When asked about diversification Buffett replied that he believes in putting all of his eggs in one basket and then zealously guarding that basket.

Buffett famously does little buying. He reads and studies voraciously and, as he says, he's looking for that one or two outsized ideas per year.

Of course he's in a different part of the investment curve, dealing only already with highly established companies. But Buffett is living the 1%. He's a diamond finder. And because diamonds don't fade Buffett is not a day trader.

One Day Left to Live

Psychologists help people clarify their values by asking them what they would do if they had only one day left to live.

If you get rid of all of the noise, then only the signal remains!

If you want to find the 1% investment return, you have to clear away the 99%. Which means that your life becomes a study of the 1%. If you could invest in only one founder, who would it be? What would that individual look like? How would you recognize him or her? How would you appeal to such a person.
And how would you draw them into your life?

Ecosystem

Graham:
"I'm not saying that the big winners are all that matters, just that they're all that matters financially for investors. Since we're not doing YC mainly for financial reasons, the big winners aren't all that matters to us. We're delighted to have funded Reddit, for example. Even though we made comparatively little from it, Reddit has had a big effect on the world, and it introduced us to Steve Huffman and Alexis Ohanian, both of whom have become good friends."

You have to have enough data points to be able to discern signal from noise. It's the little things that bind to the little things that bind to more little things that become big. But you have to know where things are pointing, and what they mean. Something can be little but leading to something big, or it can be little remaining small.

The running back takes a step left and another step left and another step left because this leads to exploding through the line to the right.

Lining up your ducks in a row. You need the right ducks and you need them lined up correctly.

It's what investors don't know.

CHAPTER TEN

Beyond Content Search - Toward a Science of Content Organization

The future of content is content organization.

One has millions and millions of YouTube videos available to watch, but, even with search, it's difficult to find what you want. Sometimes you don't know exactly what you want (and that is why you are doing the search in the first place) and sometimes what you think you want is only a small subset or what you really want if you knew all of the choices available.

We have thousands of TV channels available but we can't find the good stuff to watch.

Tech videos are all over the web. How do you find all of the best videos produced yesterday on the web, or all the best videos of a single person (blinkx.com is one start, but it is still not intelligent search, there is too much wading and sorting)?

THE NOISE IS OUTWEIGHING THE SIGNAL, AND THE RESULT IS INEFFICIENCY AND WASTE.

Curation is one answer, but it is too expensive (ask Mahalo).
Part of the answer may be alogorithms (think Google Search), and part of it may be analytics.

WE NEED A SIRI OR GOOGLE NOW FOR CONTENT - Whoever makes a breakthrough here that is significant has the potential to disrupt the field of content.

Part of the answer may thus be personalization (which is really a form of self-organization) in which based upon your responses and history better discovery is presented to you. Part of the answer may be crowdsourcing.
Discovery has too much randomness in it, think Stumbleupon.

We need discovery that is organized.

Recommendation engines (e.g. Amazon and Netflix are a start, but they are limited by the fact that they can inherently only extend from what you have already put into the system).

We need a science of content to find and discover the content that we want.
Attention VC's: Content isn't king. It never was. Organized content may be.

CHAPTER ELEVEN

Why Vox, Pando and FiveThirtyEight Should Merge

The law of accelerating returns, as applied to information, can easily lead to information overload. Hence, the need for organizing informational tools.

In search this includes Google, Siri and the like.

In technology journalism, a host of new, growing or relaunched sites are blooming to address this need.

Enter Vox, Pando and FiveThirtyEight.
I label them as TechCrunch 2.0.
TechCrunch provides technology news with some history and context.

Vox, Pando and FiveThirtyEight attempt to do a deeper dive to provide additional context so that the reader has a greater degree of understanding.

This is a trend you'll see more and more, as readers seek to transcend informational overload and gain the competitive advantage of actually better understanding the world.

Here we (continue to) go again
Recently I have been writing about how one technology field after another is being disrupted.

There is mobile (and the risks that this poses to Facebook, although Facebook is also quite resourceful).
How Facebook Could Be Killed By Mobile (and what Kara Swisher understands better than perhaps the rest of the world)

There is eCommerce, and why while there is no Amazon-killer on the horizon necessarily, how Amazon could face much greater competitive forces going forward than it does currently in eCommerce
What can we learn from Amazon in regard to creating the next disruptive wave of Ecommerce?

There is search, and why neither Google, Facebook, Apple, Twitter nor Amazon may be the future of search
The Future of Search - How the Law of Accelerating Returns is Disrupting the Disrupters and Giving the Advantage to Facebook, Twitter, Apple and Amazon (and one more)

There is the future of money and payments, including Bitcoin 2.0
Fred Wilson and the Future of Bitcoin - An Analysis of the Bitcoin Investment Landscape

There is the leading role of technology convergence, which Google and Amazon have the greatest leg up on

Technology Convergence - How VC's and Larry Page are "Going Big or Going Home"
and many more.

Why do Vox, Pando and FiveThirtyEight Need to Merge?

There are several important reasons, the most obvious which may be this:

Say that the average across the three sites is perhaps eight posts per day each of 1,000 words per post (I think as a rough estimate we're in the ballpark and even if we are off by a factor of two or three it doesn't mean much in regard to the points which follow).

What happens when the next company comes along and takes the equivalent of Pando's eight daily posts across eight separate topics, or Vox's, and combines them into one well integrated post across all eight topics? This will be more than eight times more powerful (which itself can be a gamebreaker) but may be 100 times more powerful.

Here's why.

When you understand eight little things separately you have a small amount of knowledge across discrete areas. When you understand eight separate things TOGETHER in terms of their interrelationships and place within an integrated context and whole, you possess a much greater degree of higher level insight, understanding and power.

Consider a hypothetical example:

Eight separate 1,000 word posts which discuss trends in, respectively, ecommerce, mobile, ad networks, search, enterprise, crowdfunding, social media and venture capital.
VERSUS A WELL INTEGRATED 8,000 WORD PIECE THAT DETAILS THE INTERELATIONSHIPS BETWEEN ALL EIGHT TOPICS.

It's kind of like the difference between asking Siri, "Where are my sneakers?" versus "Which brand of sneakers will help me perform best in the 2017 New York City marathon given my history of training and my race schedule from 2000 to 2017" (if Siri could meaningfully answer such questions, the latter which is beyond it's current capability).

And what about the company which can produce not one of these integrated 8,000 word articles per day but ten?

So the first issue is critical mass.

Why do Vox, Pando and FiveThirtyEight Need to Merge Continued

Beyond critical mass there are additional important factors at play.
Perhaps the greatest is organization.
Look at the three sites, Pando, Vox and FiveThirtyEight.

There are each a hodgepodge of content. Consider this. Say that you want to see Pando's last ten posts on Google. Ok, simple search might take care of this. What if you wanted the last ten posts that discussed Google's top competitors? What if you wanted the ten best posts on this topic from Pando from the beginning? What if you wanted an analysis, from the beginning of Pando, of what are Google's strengths and weaknesses across each of Google's top ten products? You could of course continue to drill deeper still, but it becomes abundantly clear quite quickly that the information that you do want, or might possibly want if you knew it was available, is inaccessibly trapped within a sea of information that you don't want.

It's like the history of record sales, in order to get the one single that you really wanted you often had to buy the entire album of music of material that you may or may not have wanted.

Although I think FiveThrityEight definitely seems to have a bit better beginning organization than the other two, it is ironic that for all three sites whose mission involves organizing information to provide deeper context and insight that they don't even have a system to organize in any depth or refinement their own information over time and day to day (beyond basic category organization).

It'd be like if you turned on ESPN to watch basketball but you kept getting stuck in golf, billiards, baseball, football and croquet.

Or, to present a greater challenge, you only wanted to research how LeBron James performs against the Dallas Maverics in the fourth quarter of games he plays against them, but you kept being flooded by basketball information in regards to high school basketball, college basketball, other NBA teams and the like.

And then there was one

First of all, although I called the three sites TechCrunch 2.0, I am sure that that there are many viewers overall who do not even know the differentiating factors between these three and more general tech sites such as TechCruch, Mashable, ReadWrite etc. (I'm not even sure where to put The Verge) and there are many more.

There may or may not be enough oxygen for each of these sites, or the largest ones, to survive along with their competitors over time, **but if discipline is not instilled from the inside via a merger, the lack of scale, lack of organization and lack of differentiation will make all three relatively easy and prime pickings for disruption from the outside**.

Remember, we live in an era now of the the disruptors themselves being vulnerable to being disrupted.