

Second Time Around

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agenda

goto;
conference

- Who
- What
- Why
- How

who?

- Musicology PhD: Piano Music in Paris from 1830-1848
- C/C++/Java
- Creator of Spring
- Cofounder & CEO, Interface21/SpringSource
- Acquired by VMware 2009 (\$420m)
 - SVP @ VMware for 2 years



<bean>



who?

- Board member/investor since 2012



- Learnt more about
 - Open source business
 - Company financing
 - Financing



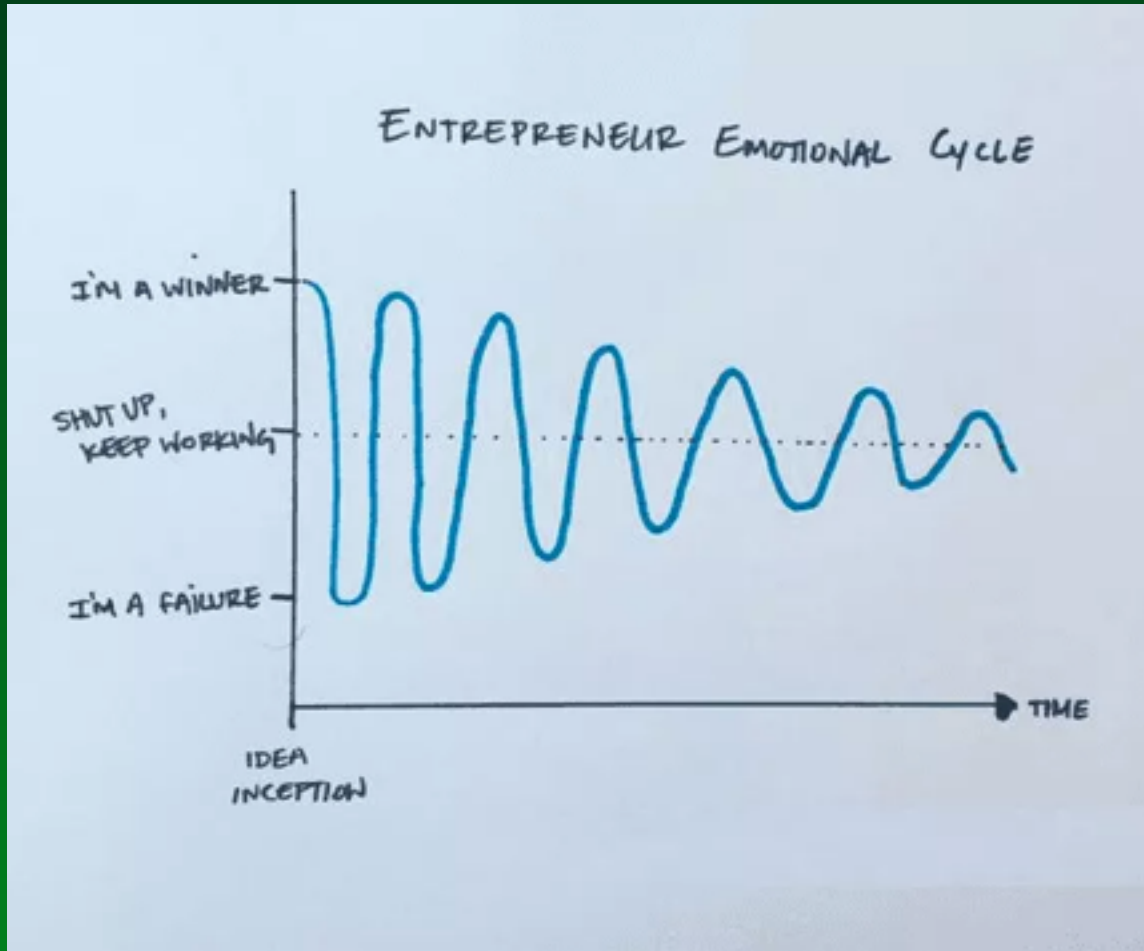
what?



why?

Be sure you
really want
it

- Hard on family, friends, hobbies
- Likely to fail



my personal why

- Want to build something great
- Love working with great people
- Happier when I work hard
- Miss playing the game rather than coaching
- Money matters, but well down the list

how

- I assume some interest in creating a startup
 - Useful in navigating your career
- Some advice may seem obvious
 - ...yet it's often the basics that people fail to get right

Going to share what I'll do myself,
second time time around



success factors: thesis

- Have a thesis on how the world will change
 - Position for when it does
- Investors look for genuine problems
 - Teams can iterate on product more easily than on problem



success factors:
great team

- A great team can iterate on anything
 - Slack started as a game company

Execution eats strategy
for breakfast

– Peter Drucker



assembling founding team

- Best to have > 1 founder
- Range of skills & personalities
- Understand values & goals of cofounders
 - Everyone should be aligned

what we've done

- Myself
- Three strong technologists
 - Specialties from vision to management
- Experienced executive (started at a startup & big company, corporate development, business development)



assembling a team

- Allocate equity among founders sooner rather than later

Difficult conversations only get more difficult with time

equity allocation resources

- foundrs.com
- Google “allocating equity among founders”

Startup Equity Calculator - To Get Started

Welcome to the **Co-Founder Equity Calculator**! It is based on almost 3 years of discussions with entrepreneurs through the co-founders meetup and the

* * * Take a look at [project Arguably on GitHub](#): help make online discussion build something better than Quora/Reddit/Wikipedia, with great collaboration questions? Feedback, comments and criticisms welcome! Check the GitHub only takes 5 minutes of your time to provide feedback. * * *

what we've done

- Transparent equity allocation process
- Proposal based on data shared with all cofounders
- Open conversation
 - No back channels



(note on startup
resources)

- Lots out there
 - Unlike 2004 when we founded Interface21
- Use them
 - Google is your friend

thinking about the opportunity

- How fast to run
 - Competition
 - Need time and/or money?
- Business model
 - Long sales cycle?
 - Allow for payment delays as well

outside money?

- Depends on what you want to do
 - Rare not to need investment for a product company
 - Costs less than it used to, but more than you think
- Angels may not add value
- VCs not created equal
 - Location, brand/reputation & rapport
 - Some terms more important than valuation

outside money?

Those who most hate VCs, most need what good VCs offer

Successful entrepreneurs who could self fund a new venture, usually don't

pitching investors



- Problem + Market opportunity
- Team
- (Product)

- Even if you don't want money, create pitch deck as sanity check
 - If there's no strong, natural narrative, rethink
- Think about milestones to next stage

on dilution

- Don't underestimate \$\$ you need
 - Enough runway
- Don't short change option pool
 - Inexperienced entrepreneurs think this is a win, but it's not

*Dilution isn't the
enemy:
Failure is the enemy*

corporate setup

- Set up company ASAP
 - Keep it boring
 - Your company is probably not different
 - Anticipate multiple rounds of DD
- Don't solve for tax efficiency
- Do consider tax implications for founders

*Innovate in technology, not
corporate structure*

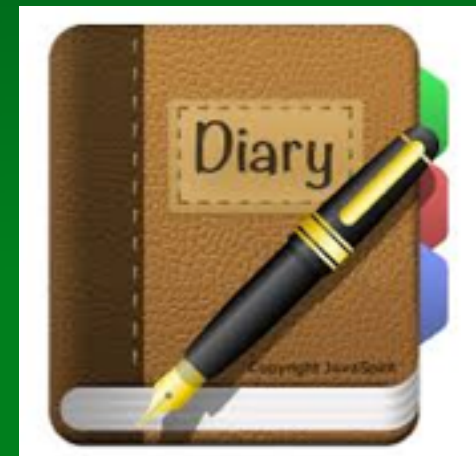
what we've done

- Decided we need to run fast
 - Friends & family seed round
 - Quick Series A
- Large option pool to help attract talent
- SF HQ and raise from Bay Area investor
 - Today, London is a great choice
- Distributed engineering team from the outset



what we've done

- Delaware topco
- Hired good law firm
- Legals as simple and conventional as possible to reduce friction and cost



people

- You'll need good managers in your company
- Model behavior you want to see
 - Don't overrate policies
 - Larry Ellison



networking

- Talk to everyone you know who may have a useful perspective
- Interview potential customers to validate product ideas
- Best means of hiring
 - Can't rely on technical recruiters
- Maintain network of potential advisors and investors

If you want money, ask for advice.

If you want advice, ask for

tech -> business

- Consider what you'll sell and how, not just what you'll build and how
- Recruit or grow business people
 - IQ alone not enough
 - Different skill set
 - One technical founder typically needs to transition
- Pay for good advice

final thought

*It's about people, not
software*

...but then, so is software



Please

**Remember to
rate this session**

Thank you!



Thanks !