

Oren Falkowitz – No Phishing Way
The Business Brew

Oren Falkowitz is the founder of Area 1 Security. He was Chief Executive Officer of Area 1 2013-2020 and currently serves on the Board of Directors. Mr. Falkowitz holds numerous patents and is an avid wearer of bow ties on Thursday. Previously, he was the founder of sqrrl (acquired by Amazon) and held positions at the National Security Agency (NSA) and United States Cyber Command (USCYBERCOM).

He joined the Business Brew to discuss his career and the cyber security landscape. We hope you enjoy.

[intro]

Bill: Ladies and gentlemen, welcome to The Business Brew. I'm your host, Bill Brewster, here with my old friend, Oren Falkowitz. Grew up together, went to school together. Never knew we'd both be doing whatever the hell we're doing. Oren ends up working for the NSA, starts a cybersecurity firm. I'm a podcaster, who the hell knew? Anyway, this obviously is not financial advice. I do think there's going to be some interesting stuff that comes out of all this. With all that said, do your own due diligence, you know the drill, this is entertainment only. I don't even know what else to say. Oren, how you doing, man?

Oren: I'm doing great, Bill. How's it going?

Bill: Did you like my intro?

Oren: I love your intro music.

Bill: [laughs] Not a bad intro.

Oren: I was telling you-- I've known you since we were probably, I don't know, 11 years old, and I never knew you had such a great voice for radio, almost Howard Stern-esque. It's unbelievable.

Bill: You always knew I had a face for it though.

Oren: [laughs] Of course.

Bill: Man, when we knew each other, I think I used to wear like plaid shirts with Looney Tunes ties. It was a bad look.

Oren: [laughs] That was definitely a look. Yeah. Shorts, boat shoes, Looney Tunes ties, and Oxford-style shirts.

Bill: Were you around that day that I almost got in a fight with Kevin Kennedy?

Oren: I'm sure. I don't remember it as clearly as you are.

Bill: Jim and Zach Cohen remember it very well. I was sitting on Sarah Glasto's lap and got an erection.

[laughter]

Bill: True story, because I was like a 13-year-old, right?

Oren: Yeah.

Bill: She had those voluptuous breasteses.

[laughter]

Bill: Not how people thought this would start out, but welcome to my pod. I'm like an eighth grade and I got this raging boner for me. Kevin came up and tried to pull me up. Naturally, that led to me pushing him or something because I was too embarrassed to show people my erection at the time.

Oren: [laughs]

Bill: Then, he swung at me. It was a legit almost fight, but I dodged quick, and my erection went away. Then I went about my day. I did the old tuck.

Oren: I missed that. I missed that day school.

Bill: Sarah Glasto came up on a different podcast that I do. Sarah, if you listen, shoutout to you. I appreciate you being one of my first crushes, but I do wish that you didn't cheat on me, but whatever. We can move on now.

[laughter]

Bill: One weekend, we freakin' dated, man and she cheated on me with Kevin. Anyway.

Oren: I see that left an indelible mark.

Bill: Well, it's just one of those things that you don't forget.

Oren: Yeah. I mean, those are formative years, really.

Bill: Yeah, they are. There's a lot of things you got to learn as a middle schoolboy, and I guess getting cheated on was one of those things. I did play golf with a purple golf shaft at the time, so I can understand why she didn't think I was a man. I didn't think I was either, but whatever. Anyway, I

digress. Let's talk about what you did after school, because I don't quite know how you got to the NSA. You like that segue?

Oren: Yeah, of course. Well, it was slightly circuitous. As a kid, I always wanted to work in the government, and I had a passion for it. The way I think about business today is what some of the things that drew me into the government, the idea of mission and team first. My idea was just to go work in the government, and not particularly for any department or agency. Early, I thought, probably I'd end up in the State Department working on issues that have come to the forefront today, like technology policy, and what the future of the internet is in Europe, things like GDPR, and so forth before they were issues. I just applied to places, as I started getting acceptance letters at state department or the CIA or the NSA, I had a phone call with my older brother, who's a lawyer and he said to me, "Look, I read this book by James Bamford. It's called *The Puzzle Palace* and the NSA has football fields of computers underground, and you love computers and you've got all this great computer science background. You need to develop skills in your career, and you should go do this." I said, "Hmm, great idea, big brother. I'll go do that," and so I took the job at NSA. I tell people this because my older brother, Adam, knows nothing about the National Security Agency or the intelligence community. That James Bamford book is utter nonsense.

[laughter]

Oren: [crosstalk] Totally false, but it--

Bill: It turned out to be career [crosstalk] for you.

Oren: Yeah, in life, you often listen to people like that. It turned out to be an incredible decision, because NSA was a really great place to work. You do get to learn a lot of great things and work on great teams. A lot of leadership qualities have been developed there and do some important missions and so forth. I always think about that particular how I decided to take that job, which at the time, I think paid like \$32,000 as a GS7 living here in Washington, DC. When we hire people, my company, Area 1, we recruit people, we go to extraordinary lengths to tell them what's going on, who they'll work for, all the lunch benefits that they're going to get, the incredible health care. Then they say, basically sent me a letter that said, "You will report to the magic room on February 6, 2006, you'll get paid this measly amount of money." I had no idea who I would work for, what actual job I would have, or anything about it, but it turned out to be the best experience and probably be the best job that I've ever had no matter what, for the rest of my life.

Bill: Did you know that you were going to go work in cybersecurity when you went there or they just said, "You report, and good luck?"

Oren: I had no idea what I was going to do there. Cybersecurity was not even really a thing there at the time. I started an organization.

Bill: What year is this just for context?

Oren: I started on February 6, 2006. Everybody who works in these types of departments, that's known as your enter on duty date, or your EOD date, and it's a funny thing. I couldn't tell you what day I left, or any other date in between, just because they're unimportant, but I know this date, February 6, 2006, is the day that I started. So, we're coming up on 15 years two days from now, which is interesting. I didn't know who I worked for, what job. I reported to an office, that's called DEFSMAC, which is a cool name.

Bill: That is a cool name.

Oren: It stands for the Defense Special Missile Aerospace Center. Our job was to forecast ballistic missile launches around the world, countries launching missiles for tests and so forth. It was a really great experience. From there, when you join NSA, a junior employee or a young professional, they often put you in these, what they call development programs, or rotational programs, where every six to nine months, you get to go to a new office to explore more about the agency and the intelligence community, a lot of this comes out of the post 9/11 world. So, every nine months for the subsequent years, I got to go to different offices. That was really exciting, so you get to take all that experience, and meet new people and so forth. It eventually led to me working at a group there called Tailored Access Operations, which is essentially their hacking team, I'm sure they don't call it that anymore. They always are changing the names and so forth. That's where I learned everything about computer hacking.

The interesting thing about going to that group at that time, I think it was a good confluence of young kids of a certain age group like myself, like early 20s, coming up against the prevalence of the internet and the use of digital technologies by our adversaries, and us being able to be creative, because we're really the first generation who-- we're digital native, I think, is a term they would use now. That opened up a ton of opportunities for what you could do in cyberspace and it was well recognized by our leadership, Keith Alexander, and so forth. It was really an exciting time. I just remember it being incredibly exciting. Any idea that we had, it could be done. The problem sets were really interesting. They're really serious. The traditional ways of dealing with these international challenges, primarily sanctions or boots on the ground, or really heavy handed, dropping bombs and things that nature or diplomacy, cyber opened up a new dimension, and it proved itself to be very effective, and at least thought provoking for possibilities that otherwise couldn't be considered.

Bill: When I hear as a citizen stories of the government, it's always framed in waste, at least how I hear it. What is your perception after being on the inside? You commented that it was exciting and mission driven. Those are terms that I would not associate with the government. Obviously, it depends what department you're in, but what do you think is wrong about some of the narrative that I may perceive there to be versus what you lived, if anything?

Oren: No, I'd say three things. One, government is not supposed to be efficient. It's supposed to aid citizens in some ways that aren't only about the bottom dollar. That's why we make incredible investments into things like basic science research. If you went to graduate school at a place like MIT where or you're getting an advanced degree in bio engineering, anything that's helping build the vaccine today, it's likely that government dollar sponsored that at some point without knowing what the outcome would be. Those are great things. There's a long history of the government doing basic

science research. I think politics can be inefficient. Sometimes, citizens like you and I hear about things like bridges to nowhere, or projects of congressmen and so forth, that are soft job programs. Career employees don't see that, and the enormous pressure, at least that I felt personally and the consequences of the mission that we were handed, there's almost never enough resources, even though we have incredible capabilities. Obviously, tons and tons of money, the asks of you are really extraordinary.

One thing that's always funny to me, sometimes my investors in our company, Area 1, or just in companies in general, they'll say, "How much of this problem can you solve?" I'll say, "100%." "Nothing is 100%. Come on, you can't do that, you got to be more realistic, go to market, people will take you seriously." In the government, when you're focused on a mission, imagine someone saying to you, in the height of the Iraq War, how many IEDs are going to protect US soldiers with, if you said, like, "Well, maybe 77?"

Bill: Yeah, that doesn't work. [laughs]

Oren: It's totally unacceptable. When you come from that kind of mission-oriented background, the goal is the thing that you strive for, and that's the thing that I really loved about that work. You always know that nothing is perfect, and you're always seeking to it, but nobody walks around trying to do it half assed. They're always striving to be perfect, and that's exciting. It's certainly stressful, but you've learned a lot, and you feel a real sense of camaraderie amongst everyone that you work with.

Bill: It's rude of me to say to you, but I'm going to say it, and I apologize for saying it before I say it, but I never really thought of what you did as service, but you totally did serve the country. That maybe sounds super stupid to hear and I apologize for it. The way you're talking, it's almost like you're united at war, and you were, and I'm sorry, that I've never thanked you before. So, thank you.

Oren: [chuckles] Well, I appreciate that. Sometimes, I hear that term, sometimes people call them like intelligence officers. I think it's a little too far for civilians, like myself personally, having worked hand in hand with uniformed military officers, both enlisted and officer rank folks. Those folks really do a different type of service and it should be distinguished from the type of work that career servants who sit behind desks do. Some of them do put their lives in danger for sure. I reserve that for the folks in uniform, because it's a different life.

Bill: Well, let's put it this way. You've done more for the country than I have.

Oren: Probably.

Bill: Yeah. No, definitively.

[laughter]

Bill: I arguably do something for 3000 investors that listen to me a week or whatever it is.

Oren: No, we all play our part.

Bill: Yeah. Well, hopefully. Real talk, part of what I'm doing with this is trying to give back and highlight people that I think are really interesting. Hopefully, I make society a little bit better, but I also understand that at the end of the day, here I am at night, drinking some wine, having a discussion with my friend. There are people that are actually doing real things that matter. I do appreciate what you're doing.

Oren: This economy needs a lot of explaining. I love listening to your pod--

Bill: [laughs] I can't tell you that I know it.

Oren: No, but I think some of the episodes that I've heard, some of the guests, it's critical. I think people are confused as to what's going on, what does it mean to be a shareholder? What does it mean to think about the value in companies? These are important issues for everyone. Economy is a national security issue. I think it's critical and it's something that when you're working inside the government, you don't think about a lot and you find yourself a little flatfooted sometimes when you enter into business, trying to understand markets and board governance and what makes the stock go and so forth. It's very valuable in my opinion.

Bill: Once you entered the cybersecurity aspect of the government, were you given carte blanche to learn-- how much of your job role was defined when you walked in versus how much was learning on the job? My sense is you entered at a time that was really nascent in the whole-- whatever the heck developed. You were on the frontline of figuring out what cyber warfare would be, is that fair?

Oren: We wouldn't have thought about it in those terms. We were asked to do things, to go gather intelligence, to use computers to do it. That was basically it. We were given pretty strict legal and privacy and compliance guidelines on how to do that and that was pretty-- [crosstalk]

Bill: Okay, so wait, let me stop you real quick. I hear this stuff about Edward Snowden and all that stuff. How do you feel about that stuff as somebody that has seen some of the inside, obviously, not all of it?

Oren: I've seen a lot of it. I find his account to be totally incongruous with my experience. I worked on some of the systems that were built, the underlying technology there, I used almost all the tools, there's really heavy compliance and privacy and civil liberties training that we went through. So, I found his account to be totally incongruous with anything that I experienced and the general culture of the people that I knew. I recall being an incredibly senior level presentations with director and deputy director and people of that ilk, and they constantly talked about the need to do intelligence in parallel with respecting the Constitution, privacy laws, civil liberties, and so forth. This is something that was at the forefront of almost every conversation pre-Snowden, I left before those revelations. I don't fully understand it and I think my view on it is, it's a case of someone who didn't really understand what was going on. He's been manipulated, the information's been manipulated, there's a variety of other causes.

That being said, there's room for public discussion about the things that intelligence agencies do, and whether or not those are appropriate. But I think in the case of the work that I did, NSA, and some of

the things that have been revealed there, there were significant checks and balances. I think all the programs were reviewed by courts, were signed off by the President, by Congress. When you've got the various branches of our government giving you the okay, it's hard to argue that the line level employees are doing anything wrong, perhaps that's not the way we want to run our country. That's fine. That's for the leadership to decide.

Bill: I'm going to have to follow up on this just because of the time that we're living in. When you read the things that are highly politicized, like FISA warrants and whatever, how much of what people are reading as it pertains to real-- like true political games versus what reality is, what would you say about what reality is? I do think that, if nothing else, the last four years put a taint on people's perception of process. Maybe that's not everybody's perception of process, but I do think that some people at least see a lot of the processes as biased in one way. And then I think that-- I guess I'll just like lay it out how I see it. Republicans probably see the FISA process as biased one way, and then democrats probably think that some of Barr's revelations are very Trumpian, for lack of a better term. What would you say to people that are like me, and as a citizen, how do you feel about the general way that government functions?

Oren: I'd say three things. One, there's been a lot of things in the news, and I'm not familiar with all the different examples, but in my experience--

Bill: Nor am I. By the way, nor are most of the people that have the opinion. That's why I'm asking you because you're somebody that's thoughtful about politics and has actually worked there.

Oren: In my experience, the guidelines and the procedures for using these really extraordinary tools are pretty significant. They're designed to provide lots of checks and paths. When you see deviation from that, that's when you see agencies and departments run afoul, and those are serious issues that need to be addressed. The general guidelines are there. Then the second thing is that part of the problem is that things like the Foreign Intelligence Surveillance Act, these are laws from decades ago. A lot of the way our government operates today, that hasn't really imagined the 21st century or where we are in 2020. It barely imagine 2000 or 1990. We're moving past that very quickly, and it's just too hard for policymakers to keep up and to really think about. Good policy should be less prescriptive and more guardrails around the things-- [crosstalk]

Bill: Yeah, that makes sense. Almost decentralized. Like you guys do what you need to do within these bounds and figure it out, rather than these are the rules, stay within them or something like that?

Oren: Yeah, absolutely. I'll give you an example. Most of the laws are really imagine a telephone switching network. Where a call starts in one nation overseas, and maybe they terminate in the US and there's very specific rules. When you're talking about something like cyber, if I send an email to you, Billy, right now, we're just down the East Coast from one another, the packets from that email could end up all over the world. They go to China, they go South America before they get to you in a few milliseconds. When you're restricted by these false senses of national boundaries, or other kind of antiquated technology ideas creates a lot of friction, and then some of the layers that are built on top of

that, where you get to like FISA and Patriot Act type things, they don't really apply. The whole thing needs to be rethought. We just have not had the political fortitude to make those types of progress.

One of the things I've been working on over the last couple years, is to work with folks who want to go into public service at the state and federal level, both Congress and the Senate, to get folks who knows something about technology, to be credible in this era, which we're **[unintelligible [00:21:55]]**, and you're seeing this play out in Facebook issues, Twitter issues TikTok, cybersecurity, our leaders are pretty unequipped to deal with the challenges that we face. Like many folks out in Silicon Valley, when you see CEOs like Mark Zuckerberg, or Jack Dorsey, or executives like Sheryl Sandberg, or any of them go up to Capitol Hill, it's almost laughable the types of questions and the way that it's approached.

Bill: Yeah. Dude, it is pathetic the questions that they're asked.

Oren: That's probably the first area that needs to change is to get folks who are-- you don't have to be a TikTok user to know how to create good policy around social media. You don't have to be an ex-hacker to know how to create good cyber policy. You have to be thoughtful and understand these things or care about them. So far, that's pretty lacking across the leadership today.

Bill: Some of what I have used the time that I have, that's not in a restrictive 9 to 5 to do has been to watch the hearings. I read a lot of source documents now. I read a lot of actual, what did the committee say? How did they ask the questions and what actually happened? I tell you, when I realized that 5G was a real issue was when I watched a bipartisan committee ask questions, and they were all focused on the issue and it didn't turn into some political sideshow. I was like, "Oh, shit, we're actually worried about this. This is real stuff."

Oren: Congressional watchers, they'll tell you that when the cameras are on, for the high-profile things, that's when you see the most political theater, but things like 5G, that's when people can be more serious and come together. That's one of the challenges we're having today is, there's just too much politics around some of these bigger issues, and you're seeing a lot of theater, you're not seeing a lot of thoughtfulness to getting towards the right answer. That ultimately leaves the country less safe, it leaves citizens less safe. Because cyberattacks, as an example, they impact people. When you read that Visa has had a-- just pick a company, but I'll just say Visa. Some company has had a major breach, and all the credit cards have to be replaced. You get one in the mail. Well, they're not just paying for that out of their goodwill charity bucket. They pass it on to you and fees. There's a lot of risk to individuals. There's a residual effect there. We're all entangled in this. It just has not been getting better for a long time.

Bill: With cyber, I think that the great equalizer is, you can have a country like Iran who could not attack us-- by the way, I'm stealing all of this from, what is it? The greatest weapon or the most dangerous--

Oren: *The Perfect Weapon*. Yeah, David Sanger's book.

Bill: Which, by the way, you were quoted in, I was reading in my bed and I saw quoting you and I was like, "What the fuck? I went to school with that guy."

Oren: [laughs]

Bill: You can have a country, it's almost the new guerrilla warfare, where you may not have the resources to invest in a navy or planes or whatever, but you can cause some problems. Is that an accurate understanding of what's going on? Or, do resources matter everywhere, we have enough people to combat it? It seems to me that you're drinking from a firehose when you're playing with cybersecurity.

Oren: Yeah, I think that's somewhat true. I think that the bar is lower. It's obviously much more resource intensive to build a sophisticated stealth bomber or aircraft carrier, nuclear submarine-- [crosstalk]

Bill: Then [crosstalk] do never.

Oren: Traditional powers, or forms of war power. I think the equalizer is human ingenuity and imagination, and where these attacks really are successful is when the attacker imagines some use that people just never thought of. Most attacks are pretty boring, in my opinion. 9 in 10 cyberattacks start with phishing attack, the attempt to get an individual like you or I to click on a link and you think you're going to a Google sign in page, like John Podesta did in the 2016 election, you use your username and password, now someone has all your emails, or someone sends you an email and says, "Hey, here's the invoice for the gasoline from," that you're buying, let's say Hertz, Hertz buying gasoline for old cars, and you end up sending money away to someone that you didn't know.

Where these attacks really work is, they start to imagine the incongruencies in how we work and they're just a little bit clever in that way. I think that's mostly what you're seeing in these attacks, is that someone has imagined a different way to get you to be emotional, to get triggered, and just to click kind of the way the same way that people try to get you to do that for clicking ads. Then we're left saying, "Oh, I can't believe I fell for that." That's really it, but you're rarely seeing significant advancements in computer science or code development. It's pretty low level from a technology perspective, but it's highly imaginative and emotional and that part's pretty interesting. I saw--

Bill: What do you mean by that, highly imaginative and emotional? Just so I really understand what you're saying.

Oren: Yeah, just that someone has found a clever way to lower the user-- [crosstalk]

Bill: Like triggers your emotion, which then makes you click on something. Okay, and then you're about to say the most clever one. Okay. All right. Yeah, let's hear.

Oren: Yeah, the most clever one I've ever seen is, is an email-- this wasn't sent to me, but I've seen it out there is email, it says, "Your wife has filed for divorce, attached are the papers, do it."

Bill: Oh, snap.

Oren: I know people who aren't married who this triggers and they just click. It's a really nasty, dirty attack. It's very effective. You can imagine getting that in your inbox, and you're like, I must see what this is. Well, from there, it goes on and on.

Bill: Okay, so wait, wait, stop, from there it goes on and on. As somebody that doesn't understand what that sentence means. I opened this up, I say, "I can't believe my wife is serving me with divorce papers through the freaking email," and I click this thing, what happens?

Oren: Well, a lot of different things can happen. Clicking on that file, could drop code onto your computer, which creates a persistent **[unintelligible 00:29:01]** or a backdoor, meaning a little piece of software that calls to a distant computer and says, "Hello, I'm alive. Would you like to send me further instructions?" From there, game on [crosstalk]

Bill: Anything that they want to send you got or they-- [crosstalk]

Oren: Yeah, you can just start going through the computer, and so forth. It could take you-- sometimes those will be linked to webpages where it's like, Oh, it's hosted by Dropbox, or it's hosted on Microsoft OneDrive, or it's hosted on Google Drive, and now you've logged in, and then it doesn't really work. Now, the attacker has your username and password, and they can just log into your email and they can see everything, they can pretend to be you, they can email other people. There's lots of things from there. The hard thing is to get that initial vector of access. There's two primary ways to do it. The one is phishing which represents 9 in 10 of the cases, and the second is software vulnerabilities. If you're running an outdated piece of software, something where there's a vulnerability, you can then exploit it. Those are increasingly rare. What you see when you start looking at these attacks and looking back at them is, there's usually this one phish trigger that started it, and even in the case of the SolarWinds Starburst campaign-- [crosstalk]

Bill: You did my transition for me, thank you.

Oren: I listen to a lot of Stern over the air.

Bill: Yeah, I appreciate that. Thank you.

Oren: Even that case, you're seeing that, I think, the Wall Street Journal report this week that hackers were in their email as back as 2019, for a long, long time, and it's just always the case. You just discover and as you pull further and further back, it's this one singular technique, this phishing that gets the whole thing started.

Bill: Hang on. Wait, I've got to ask you to rewind. First of all, what do you do today? What does your firm do?

Oren: Oh. At Area 1 Security, we build software to stop these phishing attacks.

Bill: Okay, good. Now a second question, just so everybody knows that this is like your domain? What exactly--

Oren: Well, it's my domain for two reasons. When I did the hacking, this is what we do, this is what we did. If you just look at the data, this is how attacks start. We talked about that, that mission piece I was talking about earlier. This is the thing you want to go after because when you look across problems, when there's automobile accidents, automobile fatalities, you say, "Why are they being caused?" Should we train the person driving the car to be just a better driver, and then fatalities would go down? That doesn't make sense. You add things like seatbelts and airbags and engines that drop from-- that don't get pushed back into the driver. When you look in cybersecurity, the nut behind the wheel is not the problem, the user, your or I, it's these phishing attacks. That's how we chose to build a business around it. It's a huge market opportunity. It's huge problem. It's the right mission to be focused on. It's an evolving one. It speaks to a lot of the things that people in the space, they like continuous puzzles, and so it's a never-ending puzzle.

Bill: You said 9 out of 10 attacks start with phishing, right?

Oren: That is correct.

Bill: It was crazy for me is, I'm sitting with you in California, watching the debates, and you're like, "Oh, yeah, we handle all those people on stage. I was like, [crosstalk] "What?" I don't handle any of those people on stage.

Oren: Well, really, to their credit after the challenges that we saw in 2016, candidates, starting in the 2018 midterms and in 2020, really did not want to fall into that scenario, and so they started to take it really seriously. It was a great privilege to be able to work with many of them.

Bill: Yeah, that's cool. Okay, so then the second thing I wanted you to explain to the people that don't know, and I just make that vague, because it's really me. Can you explain to me what the SolarWinds attack is and how it worked?

Oren: Well, I can try. We're still learning a lot about it.

Bill: Well, you know more than I do, let's put it that way.

Oren: I know some. At the end of 2020, a leading cybersecurity firm called FireEye announced that it had had a data breach. They attributed the source of that data breach to a piece of software developed by a Texas-based company called SolarWinds. FireEye is a company that often does breach investigations and what's known as incident response. Once you realize you've had an incident, they go in, help you clean it up, help you create a history of what's happened. They're really excellent at it and they're really great people. Basically, they're like the show, *Quincy ME*. I don't know if you ever saw that show when we were kids, but essentially, they're like--

Bill: I did see that. I never would have picked up the reference unless you had said that, but I definitely saw that show. It's hilarious.

Oren: Yeah, for those who don't know, it was in the 80s and watching reruns, but Quincy is a guy that performs autopsies. It's like a murder mystery show based on dead people. That's essentially what these firms do. It's like, "Hey, you're dead, but we're going to tell you how it happened." In 90 plus percent of the time that they go in, and someone says, "We've got an incident. We've seen our credit cards go over here," or, our actual properties over here, money was transferred over here, they can trace it back and can find that it was the result of phishing. In this case, the fact that they were pointing to, is the SolarWinds company. One of the things that people discovered at the end of 2020, is that there are tens and thousands of companies that use this SolarWinds technology, and hackers, reportedly Russia, but now China's in the mix here, part of the confusion as well, were leveraging this vulnerability in the SolarWinds software, and there are lots of vulnerabilities because it's what's known as a supply chain attack. One vulnerability in the software used by tens of thousands of companies now opens up a lot of vectors. They've been finding more and more companies all throughout the government and elsewhere, who were the focus of it, and it's been really interesting to watch.

But as I mentioned before, as they keep working back, they keep finding things like SolarWinds was probably phished. Even in the case of where the Justice Department had an incident, or other folks had incidents related to the SolarWinds--

Bill: Oh, so you think that it's possible that some of this actually goes back to phishing.

Oren: Oh, definitely. We'll wait, but this is-- if I was a betting man, I would be betting on this. If I was doing a short squeeze or gamma, I would be betting on the phishing and be winning like that guy, Michael Burry from *The Big Short*. Phishing is essentially that. You're just waiting for someone to say it. Yeah, they keep going back and figuring that out. Even in the cases, where that link hasn't been made yet, the interesting thing at least from what I observe is that the attackers, thing that they go for is email. This is the thing that businesses in our kind of relationship email that people kind of miss, email is the single biggest business application out there. If you're a law firm, all your deal docs are going through your email. If you're a trader, you're probably doing all sorts of email stuff. For all the Slack is the future of work, for all the Twitter, for all the alternative forms of communication, email is the place where business really gets done. You see in 100% of the cases attackers go right for the email, and they do it for two reasons. One, it's just a huge-- can I curse on the show? It's a huge effin database of--

Bill: If you could curse on a show that opened up with a story about an erection and I say fuck on, yes, you can curse.

Oren: Yeah, fair enough. It's a huge fucking database of information for a corporation and it's pretty unguarded once you're in the user's inbox. The second is it allows for impersonation attacks. If I become Billy Brewster, if I get control of his tech, now all the people you do business--

Bill: Did you just release my shit? Now are people going to like search Billy Brewster and be like, “Oh, this guy. He grew up with this guy,” they can cross reference. They're going to send me divorce papers. [crosstalk]

Oren: It's a 50/50 gamble that your password is Sarah Glasto. [laughs] [crosstalk]

Bill: Only with the date[?] she cheated on me. That's how deep it cut.

Oren: Yeah, well, if you've got 365-- [crosstalk]

Bill: One weekend, dude, I dated her for one weekend, okay. I wanted to get to second base. I was young, whatever. She cheated on me. I had a golf tournament. I went on a Saturday, I didn't even play well, and I'm sleeping and Jimmy Gubitosi-- Shoutout to Jimmy. Sleeping in his room and find out that Kevin Kennedy got to second base instead of me. It was devastating.

Oren: [laughs]

Bill: I can't tell you the date though. Anyway, I apologize, I'm ruining your pitch with my story of sadness.

Oren: No. Those are just the facts. What I would say about cybersecurity as an industry is it's one that's really fraught to perform today. It's an interesting thing when you think about value and some of the stuff I've been learning from you about value and corporation. If you look at the largest cybersecurity companies that are listed today, they are straight up into the right. If you look at the end, cybersecurity has been a good segment to invest in for investors. If you look at the results for the companies that they serve, disaster, just zero.

Bill: What do you I mean by that?

Oren: Well, billions of dollars have been spent by companies to protect themselves and they have found themselves literally zero better protected than they were 10 years ago.

Bill: Why do you think that is?

Oren: The amount of breaches has only increased. There are no companies who are buying this software, who are finding themselves immune to it. A lot of that is because they're focusing on the wrong types of problems. They're not focusing on the real mission that we were talking about earlier. The second is, it's very hard for corporations, customers to distinguish what is the right thing to spend money on? How do I evaluate it? It's a really interesting dichotomy.

Bill: Wait, I've got to push you on this because you sell cybersecurity solutions. Why are you the guy to hire but nobody else is?

Oren: Well, two things. One, we came out with a pricing model, which we call pay per phish, it's the only accountability-based pricing model in the industry. Essentially, they only pay our company if we actually catch the phishing attacks. I think that's one thing, if we don't do it, you don't pay for it. You can leave myself out of it. You can just look--

Bill: No, I'm interested in the answer to the question. I don't want to leave yourself out.

Oren: Well, but, Bill, just look at FireEye as an example, is a company-- I like these people, it's a company that markets itself as a leading cybersecurity firm. You buy their software and services, and you'll be protected because they know how to hunt down the Russians and the Chinese, and they themselves were the victim of an attack. Now, that's a reality of what it is to live in a digital age. The company's every day, if you just google cyberattacks, whether its Target, Anthem Health Care, Office Personnel and Management, Sony, you just go through the endless list, it's not as if these companies weren't buying software from "analyst leading, market leading," high market cap companies, and they're just finding themselves victimized. It's one of the reasons that things like cyber insurance are some of the fastest growing things to be sold in the space today. It's a really existential threat to all of our challenges online, because if you can't find a solution, insurance isn't really a good outcome for regular consumers, like you or I.

Bill: Yeah, well, to your point, it's all going to get passed on, right?

Oren: That's right.

Bill: Insurance costs go up, you're going to end up--[crosstalk]

Oren: It's very scary and we're really at a critical, watershed moment, I think, in terms of getting that accountability piece as an industry. Imagine the automobile industry, and they've had this with things like seatbelts and airbags, and other issues, but imagine if you drove a car and it didn't work or they just blew up all the time, and regulation and laws have come into place to support consumers on that front, and that's mostly missing in this type of segment. I'm not advocating for regulations. Typically, when products have disastrous results, as the current crop of cybersecurity solutions have, the market equilibrium is pretty ruthless, but you don't see that correlation in valuations happening today. That's pretty fascinating thing, in my opinion.

Bill: Okay, so I want to unpack this.

Oren: If you just look at the FireEye stock, they announced a breach their stock is at a 52-week high.

Bill: [laughs] Yeah, well, they blamed somebody else, right?

Oren: It's an incredible thing.

Bill: Let's assume I'm a company and I don't hire any of these firms, do you think I'm in a better--? Do you think these firms on average are putting me in a better position, so is it better to spend some of the

money? Are you basically saying that, “You know what? This is all just swimming against a huge tide, and nothing's going to stop these breaches”?

Oren: I think of couple of things. There's value in all the things that are out there, first off. I think that the space is evolving though. The suite technical solution from 10 years ago doesn't keep up today and there's constant R&D needed and that's often where you see as companies shift the spend in their portfolio from R&D into sales and marketing, as is natural in other types of sectors, you see a drop off in efficacy. There's not an aligned incentive between the consumer, in this case, corporations, and the company just stay ahead of attacks. I'm sure they'll--

Bill: Why is that?

Oren: Well, it's natural for companies to switch their spend portfolio on the sales and marketing to drive growth, particularly as they go public. R&D is not generally seen as favorable. You would know more about this, but if you saw a company spending a ton 30%, 40% on R&D, you probably think that's not as interesting as putting that money towards sales and marketing efforts. But the underlying platform, all the technology, the computers, the software, the SaaS platforms, iPhones, Android phones, they're all evolving to become new attack vectors. So, if you're not investing incredibly heavily into R&D, then your software is becoming incredibly antiquated over time. I think that's one problem.

The second part of it is, you have a generally uneducated buying sphere. The role of the chief information security officer is relatively new in corporate boardrooms. So, there isn't really an established framework for how to address priorities from companies, and almost every company views their cyber problem as a unique snowflake compared to the next one. That creates a number of challenges, I think as well, and so you see a lot of different strategies and ideas around what is the problem that we're really solving. Then the third is, there's not a lot of really good baseline data. One of the things I think, has made cars, and sorry to keep going back to cars, but one of the things that it has made cars, I think, really safe over the years, is that there were-- the National Transportation Safety Board started doing extensive data keeping after each accident, so you had very specific details, and public researchers as well as corporations, and anyone could go into that and figure out what were the causes of these accidents. Where were the injuries happening? Where are the fatalities? And so forth. They made incremental improvements over and over.

In this space, you just don't have that kind of uniform baseline data. It's hard for people without the type of experience that have had or come from the attack side per se to really know where to start. They end up solving these bizarre parts of the problem that look good for a minute, and then the attackers quickly shift to something else and they're left with an antiquated approach.

Bill: Is that why when I talk to you-- I talk to you about a public company that's in the sphere, and you said, the points of attack are going to change, and it's going to leave them potentially flatfooted. Is that what you were referring to?

Oren: Yeah, absolutely. It's just changing all the time. We've been doing at Area 1, a March Madness bracket for the top 64 themes of phishing attacks. It's a little fun thing. It's a very simple, but we do it to

kind of drive a point. The number one theme, the thing you see, like, "This is an Apple login," or "Wells Fargo login," it's totally driven by the popularity of the companies. The largest companies, consumer brands particularly, had the most people trying to spoof them and to use their brand and logos to launch attacks.

Bill: Makes sense.

Oren: As that changes, over every couple of years, as Eastman Kodak becomes not a thing, and Tesla becomes a thing. The only thing that's changing is the themes around it. It's just a very simple example of the whole thing is changing all the time. We're just seeing all the time. As Dropbox becomes a thing, you see a lot of Dropbox-like attacks, but Dropbox didn't exist some time ago--

Bill: That's what you're referring to as points of attack? You're referring to the company and login that is established when the relationship is established with the company or you're referring to PC versus phone, or those don't necessarily have to be-- the Venn diagram can overlap. They're not mutually exclusive?

Oren: Yeah, all of those things. The rate at which we're refreshing our phone, I'm refreshing my phone every year, if not sooner. When every time there's a new release, I'm basically refreshing it. People are getting computers much faster than they used to, the rate of refresh and software, the number of apps that we're using. I mean, almost every day if I'm reading something like, "Oh, this looks cool," try it out.

Bill: For instance, TikTok blows up, people start trying to attack people's TikTok accounts or whatever.

Oren: Yeah. 100% right. It's like clockwork. It really is like clockwork, how that works. In the geopolitical context, you see it as well as. If there's a G20 Summit, you see G20 attacks. If you see the Olympics, there's Olympic attacks, if you see COVID--

Bill: Why is that? What do you mean by an Olympic attack? Is that like a phishing? Some email that mentions the Olympics, or is that like something that targets people that are going to the Olympics, to understand because I don't know what the hell you're talking about? I'm just trying to understand it.

Oren: Hackers are dumb in my opinion, and they're just following the trend. The topic du jour. Anytime something comes into the public, it is instantly the focus and source of cyberattacks, no matter if they're phishing or not. When COVID hit and we all went home, there were instant attacks against PPE, all the different-- hydroxychloroquine, Regeneron. When universities and pharmaceutical companies started teaming up to build the vaccine before they were released, hackers were trying to get the data, they were trying to understand who's going to be there first. Some of it's geopolitical, countries want to know this, some of it's monetary, you could probably [unintelligible [00:50:45] this, some of its for sabotage. There's always a small group of folks who are just doing it for shits and giggles. They're pretty predictable in general along those lines. You can see it that way. That's what I mean. The underlying nature of it is, is always shifting. If you're not investing in R&D, you just find yourself way behind constantly.

Bill: Dude, this is fascinating.

Oren: I would say that-- it has been slightly negative.

Bill: I don't think so. I think you're just telling it like it is.

Oren: A little bit, but people who know me, they'll say, like, "Oren--" some people see a glass half empty, some people see it half full, you see it overflowing with optimism, and that that's generally how I live my life. I would say to your listeners and to our friends, the thing that's frustrating about it is that, in my view, the cybersecurity challenge, it's not even in the top 100 things that humans are capable of doing, if already done with even less sophisticated technologies that were far harder. You can look at the moon shot in 1969, all the computers in that capsule that took three men to the moon, put them on 7.68 million pounds of kerosene gas plugs and shot them up there, far less powerful than any little gadget that we're holding in our hand or just surrounding us at our desks right now. Vaccines, polio vaccines, airplanes, cars, internet itself, solar power, like harvesting the power from the sun to create energy. The construction of the Eiffel Tower. I always like to talk to people about Q-tips. When you think about taking these little wood sticks and then perfectly wrapping them with cotton. If you try to do that by your hands, you'll know how difficult that is. This is like, well--

Bill: First of all, it's an odd thing to like to talk to people about. I just want to throw that out there. Also, I don't even like a Q-tip. Fuck a Q-tip.

Oren: Q-tips are great.

Bill: No.

Oren: Or take heart transplant, my grandfather--

Bill: Yeah, I'm more into heart transplants.

Oren: My grandfather's in his 90s. They stick a little tube in his leg, fix him up, he goes home the next day.

Bill: Dude, that happened to my grandpa.

Oren: I mean, it's remarkable, this vaccine came out with today. We are capable of doing really amazing things, particularly in the scientific sphere. The idea is that it's not possible to win the space is really runs counter to that. I once participated in a conference hosted by Kleiner Perkins, who's been one of the-- a famous venture capital firm, they're lead investor in my company. They had Al Gore, and this cybersecurity guy there. Well, I'll leave his name out there. Al Gore gives this speech, and he talks about climate change, and how if we only do A, B, C, we can reverse the effects of greenhouse gas emissions on the earth. Everyone, thunderous applause, like stands up just like, "Wow," they're so pumped up, it's the height of Californication out in the West Coast.

Then next guy gets up, and he's like, "Bad guys are too tough." He's like losers in Bulgaria, you can't defeat them, and you're screwed, blah, blah, blah. To me, in my mind, these are two thoughts that can exist together. We as a species can change how the earth works, and feel really confident about that, but we don't feel confident that we can stop thugs or teenagers in Tampa, or just little petty cyber criminals online from causing havoc. We just need to put it in perspective and we'll have good outcomes in the future, if we get the right data, we get the right policy frameworks and people start investing their capital dollars in the markets and the companies that are more accountable to the outcomes.

Bill: I like how you kept the conversation going there. I was going to tell you about my grandpa. He lived like 10 years longer than he should have, and it's because of medical innovation. I haven't listened to the conversation that we've been having and taking you as a pessimistic person at all through the conversation. So, I think it's interesting that you felt the need to defend that a bit. I more have thought about it from the perspective of what an overwhelming problem. I guess that I have heard you talk about-- I don't want to say the struggles of building Area 1, because I don't think that's a fair characterization of what you've gone through, but I have heard you talk through maybe some of the challenges of enterprise sales and managing things. I have maybe not understood the scope of the problem that you're trying to address. When you say 9 out of 10 attacks start with phishing, you've probably said it to me in the past, and I just haven't been listening like I am now. Now, I'm really listening, and that's an amazing amount-- the proportion is mind boggling.

Oren: Yeah. I think that's what keeps it exciting for our team, but anybody who is an entrepreneur or starting their own venture in any way and is taking it to scale at different step functions, going from 1 person to 10, 10 to 50, 50 to 100, 100 to 500, and so forth, it's a really hard thing to do.

Bill: How big's Area 1 just to give people context, employee wise?.

Oren: A little over hundred people today we have--

Bill: That's how many people you employ?

Oren: Yeah, a little over.

Bill: Goddamn. Good for you. That's got to be so much pressure.

Oren: Baby sized in the startup or in the Valley world.

Bill: I don't care about that, that's impressive, man. I'm proud of you.

Oren: We have awesome customers, the who's who in every industry that you can imagine. Some of the folks that we mentioned in the campaigns and so forth. We've got colleagues all over the world doing things around the clock, so it's a really amazing kind of endeavor. But yeah, it's hard. It's hard to organize people. It's hard to keep a cohesive strategy going forward. It's hard, but I think it's pretty rewarding. I think depending on why you get into these types of businesses, the types of business I am

in, which are really early-stage high-tech ventures, I think that informs how you think about the journey part of it and just keeps you going. A lot of people ask me, like, "How do you pick the right company to start?" I'm just telling this class that-- Well, look, you've got to wake up every day and be bothered by something because if you can't get up every day, and feel there's five things you just have to do or really annoyed about-- if you read the Wall Street Journal, and one of your competitors, you just accept it, it's not because you see it differently, or they're off, then you're kind of in the wrong business, because you have to get up and do it every day.

A certain amount of being bothered, I think, is okay because what you're really doing when you start the thing, when you're the first person is you're trying to enforce your perspective on how the world could be different or how you can improve this industry. It's not like, "Oh, yeah, those other guys over there?" Yeah, they figured it out, no worries." It's a fight to the death, and it really bothers me. Does that make sense?

Bill: Yeah, dude, it does make perfect sense, because first of all, the reason this entire podcast exists is because I was listening to podcasts that were in finance, and for a lot of them, I was bothered by it. The reason that-- I guess I have somewhat of a following on Twitter now, the reason that I built it part of it, is I have a version of the world that I believe in and how finance should be done. I believe that shit, people don't have to agree with me. I actually think it matters in life. Now, whether or not it does is somebody else's opinion and whatever, but--

Oren: I totally agree. Yeah.

Bill: It has actually given me-- when I wake up and it's funny to do it on Twitter or whatever, but it's the best platform that I have to get a message out, it matters to me in a way that nothing else has ever mattered before. Yeah, I guess what I'm saying is, I totally understand what you're saying.

Oren: Yeah, it's the great thing about the world we live in today, is that you can create that community and provide value to the people who need it the most. The challenge, sometimes you're inflicted the pain of having to see all the other dilettantes out there-

Bill: [laughs]

Oren: -that can be a little frustrating, but you've learned to deal with it, I guess.

Bill: Dude, what's that like, to be responsible for 100 people? How many partners do you have first of all, to give people context?

Oren: Well, I started a company with two colleagues that I worked with at NSA. Super great guys. There's a full management team at the company. Now, it's coming along, and we've got all the kind of regular titles and-- [crosstalk]

Bill: Let's get to the unsexy parts. When you started out how many people did you have?

Oren: Started with six people. I recruited six people to start it.

Bill: Did you have funding from venture capital?

Oren: Yeah.

Bill: What was it like pitching a concept?

Oren: Painful. It's always painful to do that. Well, Area 1 is the second company that I started. Raising money from venture capitalists is a really rewarding experience when it goes well.

[laughter]

Bill: [unintelligible [01:01:41] it doesn't.

Oren: I'd say I think over my career raised well over \$100 million for companies and feel very fortunate for the folks who have written the checks and join the board and spent time with me, and have helped make the companies what they are today, we're really grateful for that, for the people who take the chance. Anyone who's done it, whether it's Brian Chesky at Airbnb, or my friend, Florian, you get a lot more noes than you ever get yeses. Some of those noes and the passive aggressiveness in the process is really frustrating. Good entrepreneurs just don't hear it, they don't see it and they laugh about it in retrospect, but it's relatively painful. The one question that makes me the most angry is when someone says something to the effect, "Well, why won't Google just do this?" [chuckles]

Bill: [laughs] That's somebody like me, by the way, "Oh, well, why won't one these big tech companies just destroy you?" [crosstalk]

Oren: Yes, yeah. Basically, the history, the market caps of lots of companies are based on that premise. Even today, you've got companies like Snowflake and Databricks, on top of Amazon, basically their competitor making tons of money. I mean, it's very complicated from that perspective. When you're raising money, you're just looking for people who understand the passion, the ability to bring teams together. Like I said, at the beginning for me, it's about two things. It always starts with team, the people that you're bringing together. With the wrong team, it's never worth doing. We've always had great team in culture on that front, and the second is the mission that you're going to spend your time doing. If we were chipping away ice blocks in Alaska and selling snow cones, probably you wouldn't all be added six and a half, seven years later because maybe for someone that's an important mission, but this is--

Bill: No, it's a tough sale. There's a lot of ice. I think that's interesting.

Oren: There's a lot of ice, but did you know I'm reading this great book called *The Secret History of Grocery Stores*? Did you know that 7-Eleven started as an ice trading company in Texas?

Bill: Yeah, dude, but that's in Texas, not Alaska.

Oren: Yeah.

Bill: You just completely switched the hypo on that one

Oren: No, I-- [crosstalk] ice in the early 1900s is a big deal.

Bill: Yes. In Texas, I would totally sell ice in Texas. I thought you were going to be like, in some Northwest state, I didn't think you'd say in Texas.

Oren: [laughs]

Bill: It doesn't shock me at all.

Oren: Yeah. The VC press is good. Then the other thing I'd say just about venture is, I think for if you're asking for entrepreneurs, I think more entrepreneurs would do better by themselves by being discerning whether or not they need venture capital. What we've lost I think a little bit of traditional financing is for regular businesses, like businesses that aren't going to go hyperscale but that can serve a community or can make a good living for someone small businesses. A lot of people turn to venture, and they find that it's not really an asset class that's applicable to all businesses. It's become like en vogue to do that. We need more alternative financing options for really good ideas, but that might have a different type of utility, especially in their growth trajectories.

Bill: Well, part of the problem with venture is you need such big right tail outcomes to cover up for the misses or just singles, or whatever. The average business can't cover up for some of the portfolio. I shouldn't even say mistakes, outcomes that are just statistically guaranteed.

Oren: Exactly. Yeah. But there's some things out there, where you turn your head you're like, "Why does that need to be financed that way?" I once went into a very prominent VC's office in Silicon Valley, sort of an old-time firm, and on their wall, they had the history of the investments that they had made over the years, going back to the maybe 60s or maybe even a little earlier, an incredible set of things that they had been involved with. From the birth of commercial airlines, to silicon chips, to early biotech companies, when no one even knew that was a thing. The closer you get to 2020, the more you see, apps.

Bill: [laughs]

Oren: Food delivery and stuff. I get it, for the capitalists out there, these things make money. But there's still a gap for the types of really incredible basic science homerun things, the flying cars, the boring tunnels, the CRISPR technologies, the real winners in something like cybersecurity, and so forth and so forth. Those are things that will change the world and do better for folks. I think increasingly, you're seeing these kinds of weird financial balance sheet companies make it a little bit further.

Bill: Yeah. Are you familiar with Josh Wolfe at Lux Capital?

Oren: I'm familiar with Lux Capital. I'm not familiar with Josh personally, but-- [crosstalk]

Bill: Well, yeah, I don't know him either. I've heard that he does some of the work that you're probably referring to. Someday, I'd like to get him on the pod. Yo, Josh, if you listen, holler at your boy. I bet he might. I don't see why he wouldn't. This is a fairly entertaining program. I give it at least a 3/10.

Oren: I love it.

Bill: No, I appreciate it. I give it way higher than that. I listened to these things way too often.

Oren: You listen to yourself?

Bill: Yeah, I am obsessed with this thing. I honestly feel I know that-- it's got to drive this guy that-- produces me, Matthew Passy, it's got to drive him nuts, because I honestly do. When I hear these stories of Kanye just being just awful to work with. That's how I think I am, because I'm obsessed with the way that this stuff sounds, because I do think, I'm leaning into audio. That's some of the strategy here. There's some other strategy, but the real bet here is, I'm able to do a show that ties life to business in an unconstrained way that I think that a lot of people can't do. I'm leaning heavy into the audio experience, because I think that's something I've always enjoyed. I know you have too. You listen to Stern. I listen to Rogan some, I tend to prefer Stern.

Oren: Yeah. If I consume, it's always through listening. When I was a boy, my parents got me a little clock radio, and we didn't even have TVs in our room or anything, not like I grew up in the middle of nowhere.

Bill: Yeah. [crosstalk] -how you grew up.

Oren: I listened to 560 WQAM. In fact, a group of friends of mine sent me a Signal the other day, and they said Hammerin' Hank died. I go, "Oh, wow, from 560 QAM, there's a guy, Hank Goldberg. He's like a sports guy," that was the first thing came to my mind, because I would listen to him so much on the radio. I think it's a great medium. Yeah, I think that's why I've seen people love it, audiobooks, podcasts, and so forth.

Bill: There's something really intimate about it. You have somebody in your ear, and it's like, "Oh, I feel like I really know this person."

Oren: Yeah. **[unintelligible [01:09:40]** imagine what's going on. You have to do a good job of explaining things.

Bill: Yeah. I get afraid of people imagining what's going on in my head. It's very disturbing from the inside. I assure you of that.

[laughter]

Bill: I wish I could escape it at times. What I was saying-- Oh, I do feel a little bit like Kanye at times. I've listened to some of these episodes like six to eight times, man. All right, this guy, Matthew, and I'd be like, "This one little thing needs to be tweaked." I'm sure he's just like, "What the fuck, man?" I got better things going on. Matthew, I appreciate you. Thank you.

Oren: I must listen to that Kanye-- where he goes at Sway. He says he's the Ralph Lauren, Walt Disney, Google generation.

Bill: Yeah, I'm not that. I'm not trying to be that.

Oren: [crosstalk] -at least once a month, that is just a pure kind of gold, but I think to his credit, he's a real genius certainly.

Bill: Certainly, in ways. All right, switching subjects here, I have a question for you. You have run this firm that you're running now remotely for a while. What do you think some of the challenges for businesses that have been office first are going to be going forward in either the paradigm of we are all distributed, or people are now used to working in a distributed manner and these businesses are going to call them back to the office, how do you see that evolving?

Oren: Well, few things. In April, I stepped out of the CEO role and into just a director role with the company. We brought on a great new CEO, and he's doing some really interesting things, particularly in our go-to market execution. I think a lot about that, and for me, as a person who started my professional career in a building, where the work can only happen in the building, and someone who likes to press the flash and go to my colleague's desks and know what's going on and have interpersonal relationships, I find it really challenging to be remote. I think that where it's probably the hardest is training and bringing new employees into a culture, and particularly folks coming out of college who need a certain amount of mentorship. That is a serious challenge.

I think management generally always has the feeling that people aren't working that hard and it's a little harder when you're not seeing the folks to know what's really going on. Obviously, you can get lots of reports, and you can do lots of different things, and you can check logs and statuses, JIRA tickets, and so forth, and certainly make a lot of progress. It's going to be interesting for especially like seasoned managers to figure out how to deal with that. I'm not a believer that remote first is the best way to run companies, I think people will adapt to it. At the same time, I just can't imagine people going back into offices. Nobody I know out in San Francisco is eager to pay the rents to go back in, to relive the whole kind of accoutrement of having those offices around both from the cost and operational perspective, and think it's going to be really tough transition for a lot of people.

Bill: You wonder what all these real estate companies are going to do?

Oren: It's going to be really interesting, particularly, I think, in the Bay Area, and certainly elsewhere. I think across every industry, if you're a law firm here in on K Street in Washington, DC, where I am now, they're going to send people back into the office with all those legal secretaries and all the support staff

that's there, or you can find it, your folks were efficient, and you can still bill them per hour and you ship them a printer, and they do it Zoom, and all those lunches and caterings, like, "Oh, it's just become cost savings." I think work will significantly change, some of it for the better, but I think some of it will certainly struggle. You just cannot not know the people you work with, and Zoom and Slack and email just are not substitutes for quick face-to-face interactions, coffee room break talk, so forth, all the things that make people understand who their colleagues are. I know there's lots of companies like GitHub and software companies that have always been kind of distributed that have got lots of strategies for this, but I think they're the exception more than more than they are the rule. I think things like productivity and employee happiness are going to be studied carefully over the next couple years.

Bill: What percentage of your employees are with you, versus remote or when you were full time?

Oren: We're about 60/40. About 60% of the folks coming into an office every day in Redwood City, California, which is just 20-30 minutes south of San Francisco. Then, the rest of the folks were distributed primarily in Washington, DC, but we had folks all over the world. We have someone in Hong Kong, Rome, Florida, all over the place. The great equalizer is that talent exists everywhere, so you certainly, particularly when you're a startup vying for that, you want to get it wherever you can get it and being more flexible to those types of situations, particularly for technical roles, engineering roles, is something you can certainly do. I think for management in particular, there's a need to be in the room together and I would imagine remote will be negative on that front.

Bill: Yeah. I have Zoom fatigue. I don't know if you do, but I see it coming up. People ask me if I want to do a Zoom meeting, I'm saying like, "No, just call me on the phone or email me." The last thing I want to do is look at your face when we're talking.

Oren: One of my favorite authors the last couple years is this guy, Anand Giridharadas, I think he's *@AnandWrites* on Twitter, great guy. He has a little tweet stream going, which is like, "If it was going to start as a phone call, don't turn it into a Zoom. If it was going to be an in-person meeting--" maybe it was Zoom, but he's trying to pull them back. I agree, I mean, Zoom is challenging, or Google Hangouts or Microsoft Teams, there's a lot of opportunity to just do phone calls or just write an email.

Bill: Yeah.

Oren: [crosstalk] -can waste a lot of time on that front.

Bill: I think if I were in sales, I think what I would say is like, there are some meetings that are bigger than an email, but not sufficient to take a flight. Maybe there's a reason to see somebody's face when you need to deliver a message, but I don't think that Zoom is the same way to close. I fundamentally think that travel will come back. I do think it's probably going to be impaired relative to what it was. I think we'll probably get closer to what we were doing than what we're doing now. Obviously, that's probably dumb. I do think we revert back to our past patterns.

Oren: Yeah, I don't think so but you could be right. I think folks are going to see a lot of that travel was fruitless. It can be accomplished through other means. A lot of road warriors, I think, in 2019, I did like 270,000 air miles the--[crosstalk]

Bill: You did?

Oren: Yeah.

Bill: Oh, gross.

Oren: Folks, they look back on the physical toll that takes on your body, that kind of mental, the sleeping, the time zone shifting and so forth and they just say, the worst feeling in my life over the last six and a half years is when I got my Global Services card. It's a reward for pain that you wish you could return or if you ever get a Marriott Ambassador elite status, you look around you say, I probably would rather not have this. There's going to be a reversion. Historically, you look for that face to face to see if the customer is really committed. If they're going to block off the time, it's a signal and you can get your message across clearly and you can build rapport, but folks are adaptable. I think it's going to be less and less. A lot of companies also aren't going to be bringing their employees back, so there's not going to be really anywhere to go. I don't think all the big companies are going to be that eager as well. I think they're going to be shrinking their in-office workforces as well or allowing more remote, so it's going to drive more other forms of communication.

Bill: How much do you think you had to travel? If I say to you, you put in, what, 270,000 miles, how many I think you had to put in?

Oren: Well, you always think you have to do it at the time. In retrospect--

Bill: Yeah, well, now that you've been removed.

Oren: In retrospect, probably 50% of that was probably had to do it.

Bill: You think you'd be okay with your salespeople saying, "We're going to travel 50% of the time?"

Oren: Well, no. I actually think it's going to work the opposite. Sales folks are incentivized to want to travel. It's like a little free vacation. It's part of that culture. I think management is going to be saying, there's going to be a little bit more scrutinizing over, is this really necessary? They're going to have higher KPIs and metrics for making that really come together. I think you're going to see a little bit of that, but I think that's going to be a little bit regional. There's certain regions here in the United States where it's essential, I think, certainly, if you're doing international work, like we've done in like Tokyo or in Japan, face to face is essential for that type of cultural environment. It's certainly going to dictate by it, but I would think you can be successful with the big five banks remote, largest retailers remote. I don't think going to Bentonville is going to be just required, particularly for IT services. I'm thinking mostly in an IT context. IT is going to find a way, which should include cybersecurity, is going to find a way to be more digital generally.

Bill: When you opened up a Hong Kong office, did you have to fly over there? Did you hire somebody that was just a salesperson? How do you do that? How do you open something that remote? I know it's a silly question, but I've never done it, so that's my question.

Oren: Yeah. The first thing particularly speaking about Japanese culture, it's a great place to do business and it's a really high-tech environment. They're really focused on cybersecurity, particularly with the Olympics, which have been postponed. It's critical for a CEO to be out there, and probably be out there in a slightly more regular cadence than I started with, once a quarter is probably ideal to really get things going. Partnerships are really critical there. Then you try to hire a country team. People you can trust on the ground who obviously speak the local language and understand local dynamics and cultures, who can hire and can go from there. But in certain environments like Japan, you've got to be there, or they don't trust your commitment. I think that's right on their part, is to want to see that commitment, particularly from the senior leadership. I was happy to do that, they're great partners over there and it's great businesses, and certainly, it's a fascinating place to visit. It's taxing to do and it's far. Not that far from the West-- actually, it's about the same where you fly from the US, it's about 12 hours, so it doesn't matter.

Bill: Did Kleiner Perkins help you guys when you were setting up an international team? Is that something that you can rely on your VC back or just say, "Hey, we know who to rely on over there?" How do you source those people?

Oren: Yeah, absolutely. Typically, when you're doing some major strategic move like that, our investors, our board members particularly, can be incredibly helpful because they've been a part of it through other companies, and then the second way is just to work your network. Obviously, I have a broad network of friends, who are CEOs and founders and have been at different scales at different times, so you're constantly tapping into that informal advisory network. It's one of the most rewarding parts about being a founder, being an entrepreneur, being a CEO, is to work with folks who've done it. One time before, never before, several times before, 20 years older, 5 years younger, and so forth. There's a lot to learn there, compare notes. I've been lucky to have some of those folks be friends and to be really grateful for their mentorship.

Two guys who I have become friendly with are really great CEOs and have been really kind to me. The mentoring is one guy, Mårten Mickos, he's now the CEO of a great cybersecurity company called HackerOne. Previously, he led a database company called MySQL, I'll get it wrong, but it was acquired by Oracle for well over a billion dollars. He knows to the penny what it was and really precise about that, but it was a big thing. It was a big open-source acquisition. Then, my buddy, Christopher Ahlberg who runs this great company called Recorded Future, which just had a really big exit, and he's had other successful companies, one called Spotfire, went to TIBCO. We just get together from time to time dinner, drinks, sometimes Zoom, compare notes, how you dealing with COVID, or what's this problem here, and those types of open dialogues, particularly in an environment like startups can be where everyone is blustering and puffing their chest about how much they're killing it, to be able to have honest conversations with folks who will tell you, "Man, it's going hard," or, "I'm having this problem," or

this or that. It's really nice. It's nice for people to look out for you when you're the new guy coming up through the ranks.

Bill: Yeah, I would think that that would be difficult. Out in Silicon Valley, it's all pumping whatever billion-dollar company is come out this week or whatever, and you're sitting there trying to build a company the right way, doing the right thing, it's like, "Well, here I'm grinding." [crosstalk]

Oren: Everybody's grinding. It's always the subtle joke, "Hey, Bill, how's it going?" "Crushing it." You know that he's holding something back. But when you can break through that, when people are willing to show you a little bit of vulnerability, you learn to really respect their vulnerability, you can really develop very strong friendships on that. I'd say 9 in 10 people are not open to doing that, but the 1 in 10 that are willing to do that, it's really fascinating to be part of their emotional and personal experiences. It's always a two-way track. It's cool. It's a cool thing.

Bill: Why do you think so few people are willing to do that?

Oren: Well, it's hard for people to be vulnerable. It goes back to your earlier question.

Bill: That's what I'm asking you.

Oren: Yeah, I'm getting there, give me some time, buddy.

Bill: I'm not asking why [crosstalk] asking you for the answer.

Oren: It goes back to your earlier question around fundraising. When you go out, and you say, "I have an idea for something that's never been there before," and you have to go pitch people for money, you can't show weakness. You have to say, "Of course, it's going to work. Of course, people are going to buy it. Everyone would be dumb to not want X, Y, Z widget." You go through that, and this continues on through recruiting when the top people out of MIT or Caltech or people you're trying to recruit at Google have the entire ecosystem of hundreds of new companies with tens of millions of dollars behind them to choose from, you have to have a lot of confidence to say, "Look, we're on the right path, all the tail winds are in our way. We've got the right investors" and so forth. When you find yourself at the cocktail party, it's hard to back out of that, even though it's a little bit more treading water. You're on the surface, it can seem very calm, but the sharks below it can be very pernicious.

It's two-way street. Folks need to feel comfortable that you're not going to rat them out, make fun of them, talk shit about them, gossip about it. But if you're there to do that, you can actually make more progress in your leadership development in the strength of your business, in your personal development. It's something that takes a lot of time, but I've been fortunate to have some of those relationships. You've met my buddy, Florian, right?

Bill: Yeah, he's a cool dude.

Oren: He's a cool dude. [crosstalk] We just have one of these really open, honest friendships, and sometimes it's about the shit that's just really crazy. He'll call me, and yeah, this is happening. I'll say, "Okay, yeah, this is what I did," or I'll call him and so forth. You never forget those types of small kindnesses along the way. Look, nobody in life gets exactly what they thought they were going to get. But the folks who are kind to one another and who work really hard, they always see good outcomes, whether it's financial or interpersonal.

Bill: This is what I think, too, man. Do you think it's because we're old men now? Do you think that that's part of the issue? It's funny, I don't know why the hell people look up to me. I really don't. I sort of do, but I really don't, because I'm just trying to get through every day. Keep my kids moderately happy. They're not going to be, they're going to bitch at me. Keep my wife happy, which I think I'm reasonably decent at. Keeping myself happy, I almost fail at daily. It's funny, you talk to these people with all this perceived success-- A guy that I look up to and love. I named my third kid after him, is Buffett. Then you read about his personal life, and it's just in shambles. I don't want to go through life that way, and it worked for him, it may be worked for the people around him. I don't think it worked for his kids. It's an interesting dynamic where people feel like they-- I think people feel they have to put up this front. One of the things that's come back to me about the podcast is people have been like, "Well, can you talk to your guests a little bit more about their failures?" I would argue that people that are saying that aren't really listening to what the conversations that I'm having, because a lot of people have been pretty open about it. But it's interesting, because everybody's got fucked up shit. It's just how it goes. That's how life works.

Oren: Like I said, nobody in life gets exactly what they thought they were going to get. There's always setbacks. I think what you do with those, and the people who support you through them are the key. I started this company in Cambridge, Massachusetts and it was a struggle, for sure.

Bill: Which company? Are you talking Area 1 or are you talking to a different company?

Oren: No, this is my first company. Eventually it was acquired by Amazon. It was tough. It was a definitely a failure for me on a somewhat of how people would think about it professionally. Probably two days into the depths of that, one of my current board members, great entrepreneur, his name's Derek Smith, very successful CEO, sold his company, Oakley Networks, to Raytheon, his last company Shape Security to F5 Networks for billion dollars, not that the dollar matters-

Bill: It helps.

Oren: -he called me up and he's like-- [crosstalk]

Bill: It helps if you can sell your [crosstalk] company for a billion dollars.

Oren: He just called me up and said, "Let's get back to it." What do you got next? Go for it." If you don't have people like that for no other reason than just knowing what it is to be an entrepreneur, to believing you, to seeing the raw talent, to just be encouraging, that's what people live on. I've benefited that through my entire life. The first job I had at the National Security Agency, I had great mentors who put

me front and center in positions where they said, "You should do this briefing. You should take on this part of the mission." Everybody needs that kind of support network to make it all the way through and I'm very grateful for that. Those come in good times and bad times. Now, you try when you can to do the same to others. I spent a good amount of time with folks who are leaving the government and want to become entrepreneurs, talking to them, folks who are raising money, who just have questions, all sorts of different stuff. That's how I made it, and nobody does it themselves.

Bill: Why do you think your first company failed? My company failed because I was a terrible manager and didn't know what I'm doing but I suspect that yours was slightly different. I shouldn't actually say that about myself. I really shouldn't. I think I could probably manage a financial firm. I was not a good flooring installer manager. I was not the right fit for this guy.

Oren: Well, let me let me take a step back into how we came into it. As I told you, I was working in NSA, and this is really the dream job for me what I thought it'd be doing with my life. One day, I'm sitting with a corporate advisor, a guy from the outside the government who was there advising us on technology issues, and he just turns to me and says, "This project you're working on, you should start a company around it." I looked at him, I said, "Well, what's a company?" [laughter] I don't know. I could tell you how to move-

Bill: I like it.

Oren: -aircraft carriers around the world, I know how to drive policies, I know how to do all sorts of government-y things, and it never occurred to me, like, I didn't even really understand what the concept was. He talked to me about it and encouraged me, and he was the one that made the initial-- we didn't know any venture capitalists, we didn't know what was what. I never heard of any of these firms that I'm so familiar with, and friendly with all the partners with now. He said, "Look, we'll help you out. I think this is a great idea." When you're starting a business like that, the challenge is our team didn't know anything about enterprise sales, we didn't know anything about go to market, we had a great technology, and the graveyard of startups is filled with great technologies that just don't find a commercial.

Our inexperience, and it just not being the lightning in a bottle type of thing where just took off, **[unintelligible [01:34:24]** be not quite what you would have imagined, but I'd say that from going from the government to starting a well-financed company, to at being acquired by one of largest and most successful companies, Amazon, the type of return that the line employees had to make down payments on their homes and to do interesting things, with incredible success on that front. Was it Airbnb? No, not by a long stretch.

Bill: Yeah, that's [crosstalk]

Oren: Right, exactly. I wouldn't call it a failure. I would say it's not exactly what we imagined success to be but--

Bill: You probably young and dumb, man. Your imagination is probably crazy.

Oren: Right. That's the thing about being an entrepreneur. You have to imagine the future and then be able to execute on the day to day, and so incredible experience, I'm super grateful for it. I'm really proud of that team, but glad to be able to have done it a second time. All those lessons learned are the things that just be a little bit faster, a little nimbler, make better decisions every step of the road. Mårten, who I mentioned before, he'll tell you about several companies before MySQL that were suboptimal. That's more typical than people want to talk about.

Bill: What do you mean by that sentence, just so I follow?

Oren: Well, people want to talk about the greatest successes sometimes of people, and gloss over the pasts in some way. Most successful people I know would talk about it, say, "Oh, it's Tom, he did X and he sold for Y." They just leave out the years prior to that, where he was toiling in a basement where he was fired from every job and so forth and so forth. Almost nobody has a straight line to the top. The sooner you learn that, and you ingratiate yourself with that, the easier it is to open yourself to other people as well as to just appreciate what it is, they've really accomplished. You think about just conceptually you have an idea, it earns revenues and then becomes a target of acquisition, that's amazing that you can do that in America today. On that level, more success than you could ever imagine.

Bill: Yeah. I think that's right. It's interesting-- I had a big year last year for me. There's other people that I talked to that posted obscene years, so good for them.

Oren: A made off year, like that kind of year?

Bill: No. Who, me or them?

Oren: [crosstalk]

Bill: Dude, a lot of the people on FinTwit, I don't think they're full of shit. I take them at face value. they put up over 100%. This one account, I took a big risk, and I fired a manager that is well known. I think they were down 15%, so this is two-thirds of my net worth I took in house in 2019. I think they were down like 10% or 12% last year, I was up 50.

Oren: That's awesome.

Bill: That's a big difference. Now the account that I think actually merits a legitimate-- the one that I manage for my wife is one-third of what I manage, that I put up 19% for what, three years 19.27%, 19.9\$ for five. Dude, man, coming out of that flooring failure, and then I went to the bank, and I was not-- they hired me for a sales role, and then I got stuck in an analyst position. The credit analyst position at a bank for the first couple of years is, make sure that the decimal place is in the correct part and the--

Oren: Form 17, line 6, box A.

Bill: Yeah, bro. Fucking systems aren't tied, so you're typing the same number into five different places. You're basically data entry. You're kind involved in a couple things but I couldn't talk to any clients. God forbid, I should ask some questions about like, "Why does this company exist? Help me understand the value proposition here." Real business questions, they wouldn't even let me near the phone. I was miserable. I failed. I come out, I've got this perception of investing and it's like, "Oh, it's 50-cent dollar." I started looking at Sears and when I came out, and I thought I was this value investor. I'm the smart guy. I'm going to look at Sears. Thank God, I never bought that shithole.

Oren: [laughs]

Bill: It's amazing. It was failure after failure after failure for, I don't know, six, seven years. Then I went to this weekend, I'm super grateful for it. I've said it on Twitter, this guy Connor Leonard, and this other guy that goes by Find Me Value put together this weekend. I got a real peer group that I started to live up to. I also joined this group Manual of Ideas, shout out to them, and John that runs it. I've always noticed that I have lived up to the peers that I have kept. I hope that every day I deserved my peers because they made me better. Without them, I think I'd be a big failure. I really do, man. Now there's obviously something in me that keeps going. I'm not trying to short sell myself here. It's not easy going through it when it's like, "What the hell am I doing?" I think it's an interesting part of life that people would benefit from hearing about. To your point, if you're trying to raise one of the freedoms that I have, is I'm not trying to raise funds. I know that no institution is going to give me money. I went to fucking Auburn--

Oren: [crosstalk] -be surprised.

Bill: No, I'm not. There's not one institution that's going to give me money. It's super freeing, because I'm not really looking for it. I'm not looking for outside capital. If many friends and family wanted me to run it, I would or whatever, but they'd have to understand, like you're giving money to superfluid human being.

Oren: One of the challenges obviously, in our society day is the set of values or what it is that we're trying to aspire to. Do you want to be a Kardashian? Nothing wrong with them. I respect their hustle for the game, I guess.

Bill: Really? I sort of do too.

Oren: Come on. [crosstalk]

Bill: It's like Kanye said she built that whole career off a sex tape. That's pretty impressive. He said it, he married her, I didn't say it.

Oren: I think in longevity and doing something innovative, certainly that people can understand and being successful at it is, is interesting. It paves the way for a lot of the content creator work that's out there today, for sure.

Bill: That's definitely true.

Oren: Increasingly, this is like, what you're seeing with the distributed workforce, too, is people are asking themselves, "Do I need to pay top rent to live in a small apartment here when I could-- with a better lifestyle and Delray Beach, Florida?" Or, and go here, and I think you'll see a whole re-migration, rethought. I don't think it's hippie-dippie. One of the challenges with what you're talking about in ultimate growth scenario, particularly venture or in a lot of companies today is that it's never enough. This is true with I've been talking to people around. Even if you took your technology or your platform, to the wildest imaginations from your first initial pitch, it's not satisfactory for-- you can't saturate, you have to go into adjacencies, you have to keep growing and growing and growing. I can never actually be enough. I think for some people, they just want to do what's enough. Something that supports their family, supports community. That's really the backbone of this country, are people who work in small- and medium-sized businesses, people own restaurants, people work on farms, traditional work. It's enough. It's enough to support small families and kids' college and so forth. I think that idea of enough is going to be something that drives the next generation. This constant insatiable appetite for growth is going to go out of style in some categories.

In some cases, you see that insatiable desire for growth leads to all sorts of problems. That's what's really struggling, or the core challenge on the internet. These companies have gotten too big way outside their core mission and they are in a tar pit of endless pain. I think the individual is thinking to themselves like, "When's enough?"

Bill: I know I am.

Oren: Yeah, but even for investors, when's it enough? \$10 million? \$100 million?

Bill: Yes, this is my beef with some of these fucking people that are pitching SPACs and whatnot.

Oren: Right, SPACs, yeah.

Bill: If you give me a billion dollars, or fuck that, you give me \$40 million, I'm not coming to work to raise a SPAC ever. I'm at home with my kids probably, in a pretty reasonable house that most-- I might have a nice car, that I might have. I'm not going to like pull up Bentley, in medium house, but I probably have something that's pretty dope. Outside of that, like, I'm not trying to-- I'd fly private, but outside of that-- For real. When you talk about what's enough, what's the most that I would want? I don't want that much more. I don't even want to fly private to be honest. You give me TSA in first class, I'm in. It's a pretty nice experience.

Oren: I think it's up to the individual, but at this endless, insatiable desire, it just leads nowhere.

Bill: Well, dude, part of what's freeing--

Oren: To makes you unhappy with yourself, and you have to know what's enough for you. I think that's going to be the real conflict for management going forward. You see a lot of companies, it's never been, in my opinion, a worse time to be in management than it is today.

Bill: Huh, Why?

Oren: Well, if you look at the big tech companies, their employees are basically in revolt against them. They're staging walkout.

Bill: Do you think that's true?

Oren: Well, it's definitely true.

Bill: I know they stage walkouts, but is this fake news or not? They end coming back to work the next day. They're not really walking out?

Oren: Well, I think you're seeing companies not take certain contracts, some of them with the federal government, you're seeing [crosstalk] policies, which maybe aren't corporate friend-- maybe they are, maybe they aren't corporate friendly, but Google, for instance, has created quite a plush working environment for its employees. I've eaten the meals, they're extraordinary.

Bill: Yeah, I got to visit that place, that was awesome. Shoutout to Rishi. What's up, Rishi?

Oren: They've created this culture, and they want to go do this work with the Department of Defense on artificial intelligence and on computer vision, and the employees object. I think that puts management in a really difficult place. Again, what I mentioned earlier, I bet a proportion of the advanced degree holders at Google can credit the US federal government with some portion of their graduate degrees to this basic science research and for them to be revolting against work with our government. We're not the enemy. It's a tough time to be in management, and that's not to say that labor doesn't need more protections and the employees need more rights. But I think it's a tricky time, and I think part of it is employees are going to start saying, "Maybe it's just enough. I'm going to work this amount, and I'm going to do this." That's what it is.

Bill: When I was moving from Wilmette, which I miss, but also in the middle of a snowstorm, don't miss at all, I had a going away thing with three friends, COVID friendly, we were all spaced out, whatever. One of them told me that he was interviewing for a job, and one of the things that he batted up against was they said, "Well, it was an Atlanta-based job." They said, "You don't have to move here, but we're not paying you more than Atlanta salary." I do wonder if some of the remote work COVID experience is going to push some of that to the workers where the companies say, like, "Look, you don't have to--" maybe companies start to say, "Our talent pool doesn't have to be local. Maybe we can start to search for North Carolina. Even if we're hiring local, we're going to pay North Carolina salary." I don't know if that's true or not, or how real that is-- [crosstalk]

Oren: Well, there's couple of things-- yeah, well, that's one part of the risk. The other part of the risk is that companies could go into areas where cost of living is lower, and offer above-market salaries, having a whole other set of challenges brought into the communities where now regular workers are pushed out. You see that in a lot of communities. This is where government is its best. Too much of our focus, I think, for government is really at the federal level, and our state and local leaders, particularly like our mayors, are really the most important people we have in our city councils, to really be thinking through these issues, like creating the right tax incentives to draw businesses in, creating the right zoning policies. I used to live in Washington on a street called 14th Street and--

Bill: DC, right? Not Washington Washington?

Oren: Yeah, Washington DC.

Bill: Yeah, I know that's stupid, I'm just trying to clarify.

Oren: [crosstalk] -Seattle.

Bill: Who let that out?

Oren: Yeah. No, please keep it in.

[laughter]

Bill: Okay, done.

Oren: I'm all for DC. 14th Street between U and N Street, Northwest. Ten years ago, It was kind of like what you would call a funky DC had a version of Brooklyn, which it doesn't because it's a Brooks Brothers, Vineyard Vines town. This street had cool coffee shop, abandoned parking lot, interesting plants store, interesting restaurant, abandoned parking lot, abandoned parking lot. It was one of those neighborhoods. Come to it today, it's every single subsection of the block had been taken over by restaurants, so forth. You come back five years later now, you go today, there's nine banks on the street. You have to walk over a mile to get to a bank. As the real estate prices went up, the only people could afford those rents and the landlords who don't care and aren't thinking about the co-tenancy mix, they only think about who pays the highest rent. You've got entire sections of this, they're just banks. I thought the whole FinTech revolution was I didn't need to go into a branch. Now, my neighborhood has become a central retail banking hub. To me, that's a failure of the city government to really control that and to really keep landlords in check. Those are some of the risks I see for that distributed work when incomes and wages go up in some areas, because you're able to get high talent, or play cost of living arbitrages and open up shops in Charlotte, Asheville, Austin, Miami and so forth, you start seeing all these other things happen. That's not good and that's part of what, I think, you saw in San Francisco, which is like housing has never been more expensive, displacement has never been higher. The transportation system is a total joke. Crime is horrible, drug use on the street, homelessness. There's more billionaires than ever, but that's not a great place to live.

Bill: When we hung out out there, I did notice, I was like, “Man, there are people sleeping on the street,” like legit. There was somebody sleeping on the street when I left your hotel, somebody was just in the road with garbage cans around them as a room. I was like, “This is not sustainable.” This is crazy.

Oren: No, it's not good. It's not good for anyone. It forces people to leave and it's not good for any level of the society.

Bill: Now that said, where's Area 1 now? You're still out there as a company? You said 60/40 are there and distributed. I understand that now it's COVID, so everybody's at home. Generally speaking, what we're talking about, has this impacted your company or no?

Oren: Absolutely. We're hiring now just exclusively remote and probably be remote first. We have a concentration of folks in the Bay Area for legacy, but on a go-forward basis, I think you're going to see us not bother or even for folks that maybe we would have recruited and relocated to the West Coast to be part of that culture, we'll say, it's fine if you want to work in Kendall Square, Cambridge, Massachusetts, or if you want to work in Chicago, or if you want to work in Wilmette, or Greenberg, Sparta, South Carolina, wherever, at this point, it doesn't matter. Yeah, absolutely.

Bill: Hmm. How's your transition gone out of the day-to-day role of leader to more of a board/advisor type?

Oren: It's been good. We were fortunate to to run a really tight search with our board. Yeah, that was a process that I led. I was happy to be able to do that--

Bill: How the hell did you know how to a lead that?

Oren: How to hire someone? I've hired a lot of people.

Bill: I know, but I guess what I'm asking you is one of the things that is really impressive about you to me, is you're one of those guys that there's no playbook for what you've run but you've done it successfully. It is really something special about entrepreneurship that-- you just nonchalantly say like, “Oh, I ran this.” Well, how the fuck did you run it, man? What gave you the knowledge to do it? How do you think through figuring that process out? I would think that's an overwhelming or huge decision to make. How do you figure that out?

Oren: It's always three things. It's developing some sort of a strategy, timeline, criteria, goals, objectives. Some sort of framework for what it is you want to accomplish. I think the second which I hit on earlier is, there's a lot of people helping. I'm hitting the phones, like, “Hey, this is going on. What do you think? What do you advise? How have you done it in the past?” and so forth. That goes mostly unspoken. I probably spoke to 100 people who have done similar things, and probably 80 of them have similar advice and 20 of them have all sorts of crazy other ideas. The skill that you're not asking about that's probably the most important is the ability to filter feedback and advice, and to contextualize it to what makes sense. That is really tricky to do, because you can be hearing from what you think are

luminaries, are people who on paper or their Twitter accounts are blowing up whatever it is, and they can give you terrible, terrible advice. So, being able to filter 100 conversations into an informed decision, and then looking inside and saying, "What feels right to me."

Then the last part is related to that, but it's just being authentic. You just do it the way that's best for you. When you're recruiting for any position, whether it's someone to be a vice president engineering, or in this case someone to replace you as the CEO of the company that you founded, people can tell if you're unhappy about it, if it's not really the thing that you're into, and so you can't hide that. It's pretty obvious. You have to be authentic, and the board can be helpful in that part. I think we were pretty successful on that front. For me, it's been really good. I get to work with the company and in really critical strategic areas and leverage the expertise of the new management team in areas that are appropriate for the stage we're at, which is primarily now partner selling and doing things that mean a much larger what they will call it channel enterprise level.

Bill: That's dope. Well, I'm proud of you for what--[crosstalk]

Oren: [laughs]

Bill: I am, man. A lot of what you say resonates with me. I really admire people like you. I'm not saying that to blow smoke. I do. I wish that I was responsible for more people than myself. Have you listened to my interview with Jack Rohrbach by any chance?

Oren: No, I don't think so.

Bill: Yeah. He's a guy in my family. One thing that he said is, he said that people used to say to him, I think it's amazing that all these people work for you. His response was, "I don't look at it that way. I think I work for them." I have always thought of you as somebody that views the world that way. I'm happy that you've had the success that you have. I wish you many more wins, man. You're a good guy. I can't believe we grew up together. Look at where our fucking lives are. From Sarah Glasto cheating on me to this, who would have thought? Sarah, I know you didn't make it all this way with the conversation, but if you did, thanks for the scars.

Oren, I thank you for joining me on this. We're going to wrap this interview up, but I appreciate your time, man.

Oren: All right, Billy. Great to talk to you. Proud of you as well, brother.

Bill: Nothing to be proud of here. No, I'm kidding. Thank you. I appreciate it.

[outro]