An Interview with Eytan Elbaz

Eytan Elbaz, Co-founder, Applied Semantics, speaks with Growthink University's Dave Lavinsky

Dave Lavinsky: Hello everyone. Dave Lavinksy here from Growthink and I'm really excited today to be able to interview Eytan Elbaz. Eytan has a very impressive entrepreneurial track record.

He co-founded Applied Semantics which became Google AdSense. The company attracted venture capital and was acquired by Google in 2003. Eytan wrote the initial business plan, raised the initial money and managed the business development for the company.

So, naturally based on his background, I thought Eytan would be a great person to interview about raising capital, growing your business and selling your business. So I'm really excited to speak with him today. Eytan, thanks again for taking the time to speak with me.

Eytan Elbaz: My pleasure.

Dave Lavinsky: Excellent. Eytan let's start at the beginning, the very beginning. What was your first entrepreneurial venture?

Eytan Elbaz: Thinking back the first thing I ever did to go and make money was sell blow pops in sixth grade. I used to fill up my bag with a box of forty-eight blow pops and bring them to school every day and sell them for a quarter. It was an incredible learning experience I think, especially about the laws of supply and demand. I remember they'd only give you about three or four of the sour apple blow pops and I was able to sell those for fifty cents. Somehow everybody thought they wanted those.

Dave Lavinsky: You get the premium for those?

Eytan Elbaz: Yeah you got to sell those for fifty cents. I remember at one point I had a little mini distributor, a guy who would always be buying them from me

for twenty-five cents and selling them to other kids for fifty cents. I kind of made a business out of it until, I think three or four weeks in, the school shut me down and said you can't sell candy on campus property. So my first business was shut down. I remember I made about $110 in three weeks. I was pretty excited about it.

Dave Lavinsky: That's real money back then.

Eytan Elbaz: It was definitely real money. I remember dancing around the house showing my family how I was able to go and make money at school. Everybody was impressed I sold something like several hundred blow pops.

Dave Lavinsky: That's awesome. Well good for you. That's great. I usually ask that question. I get a lot of interesting types of businesses. That one definitely ranks up there. That's awesome.

Eytan Elbaz: Yeah.

Dave Lavinsky: Maybe you could fast forward little bit to Applied Semantics. First of all what was the original name for Applied Semantics again?

Eytan Elbaz: We originally called it Oingo. O-I-N-G-O. Like the band.

Dave Lavinsky: Got it. Can you talk about the process of starting the company and raising capital?

Eytan Elbaz: Let's see. We really bounced around a couple of different ideas. Gil and Adam, two of the cofounders of the company, came together with this idea of building something similar to what people call DMOZ, kind of the open source Yahoo! Directory.

We really liked that idea for a few months and we started trying to build this directory together by hand and recruited some family members to help us. I want to say the stock market was starting to go crazy right around 1998. People were raising money pretty crazy into '99. We raised the initial funding from a group – my previous job was with Advanced Micro Devices. I was selling microprocessors. One of my clients, one of my personal computer customers, invested half a million into us towards the end of 1999.

Dave Lavinsky: How did that happen? Is this somebody that you developed a relationship with? Were they investing in you and the idea, the technology?

Eytan Elbaz: It's interesting. You really never know where funding is going to come from. That's why it's good to kind of talk to everybody. We'd been talking to a variety of investors.

My job during the day was to go and sell microprocessors. This guy was talking to Rex Wong. His company, they wanted to build some kind of eMachines competitor, low priced PCs they were going to sell on the internet. He was talking about the fact that they'd raised a good amount of money for it and I was going to try to sell microprocessors to him.

He had mentioned raising a couple million dollars from his backers on it. I said, "*I'm really curious, maybe you want to take a look at my idea.*" I made it a point to say, "*Can I come back after work hours? This is not related to my job.*" He said, "Sure" and I brought Gil, my brother and cofounder, and showed him the idea. He called us like twelve hours later saying they were ready to invest.

Dave Lavinsky: Really?

Eytan Elbaz: Yeah.

Dave Lavinsky: What do you think it was about the idea that he liked? He was investing mostly in the idea or mostly in the fact that he liked and trusted you?

Eytan Elbaz: It was such a crazy time back then. You had, I want to say, five or six different search engine companies like Excite, Infoseek and Yahoo! Each one of them was worth like $3 or $4 or $5 billion back then by the time mid-'99 rolled around.

You just said the word "search engine" and you were worth $5 million for that. We had a very cool demonstration. We had a demonstration that disambiguated the meanings of search terms. We already had a demo that was working decently.

Some of the big search engines couldn't quite disambiguate, and I guess everyone figured if we had a piece of technology that none of the big search engines had – worst case scenario someone was going to acquire you in those prices, in those days for $50 to $100 million.

Dave Lavinsky: Got it. Can you define disambiguate?

Eytan Elbaz: Oingo's second idea was what we called "meaning-based search." When you do a search in a typical search engine for an ambiguous word with multiple meanings we would be able to choose, would ask you to choose, the one that made the most sense.

Maybe you would search for the key word "Genesis". We would say, "*Do you mean the book in the Bible? Do you mean the video game? Or do you mean the comic book character?*" Based on what you would select we would go and only return the search results related to the specific meaning of the word.

Dave Lavinsky: Got it. Got it. So you were able to demonstrate that to the first angel investor and he said, "*Cool. I like it*." And twelve hours later you had your first financing check.

Eytan Elbaz: I mean he basically – twelve hours later he called me on the phone. We filed it maybe at 7pm at night. He called me on the way to work the next day. I was still working at AMD. He had a term sheet I want to say, like a draft term sheet maybe a day later.

Dave Lavinsky: Wow. Ok, so what happened from then to the point where you raised venture capital? Did you quit your job and start hiring people right away?

Eytan Elbaz: I ended up quitting my job, I want to say, within about a week or two of that conversation with the angel investor. It looked like it was going to happen. I want to say from the time we were with angels to the time we raised our venture round was around ten or eleven months. They were an extreme rollercoaster of ten or eleven months.

Dave Lavinsky: Why is that?

Eytan Elbaz: In that time all of the following happened. We won Internet World's "Best of Show." We were on MSNBC. We were in Time magazine. We were in US News and World Reports. We got a great call from Sergey over at Google who told us how he impressed he was. That was almost as important to us as the MSNBC article.

We hit 20,000 unique users in a single day, four days after our public launch. We turned down venture capital offers as high as $15 million. The stock market crashed. AltaVista decided not to IPO or wasn't able to IPO. Companies like CMGI saw their stock go from $163 to a few dollars.

We crashed a bit in April. We raised money right before kind of the second round of crashing, which was in August/September. We were able to close in August and the market kind of took another leg down in September.

Dave Lavinsky: Why did you turn down venture capital the first time?

Eytan Elbaz: It's very, very hard to identify when you're in the middle of a bubble. As much as everybody says bubble and things aren't sustainable, you just don't believe it. We were all in our twenties. None of us had ever seen a bubble before. We just thought those times would go on forever. We thought if someone was offering us $15 million now all we had to do was make the company a little big bigger and they'd be offering us $30 million.

We had some number in our head. We wanted $25 million. We saw other companies in our space raising $20 and $30 million. We felt we deserved $25 million. It's funny I remember when we'd explain what our $25 million was for, we never had good answers. We never really could explain. We just knew that everybody else had it. That came down to our lack of experience at the time.

Dave Lavinsky: Got it. Did you guys have advisors or was it a lot of smart twenty somethings but that didn't really have the financial experience in raising capital?

Eytan Elbaz: I'd say the latter. I think we had a great team. We had a lot of smart guys. Everybody was just very, very much into it and excited by it. We just worked very, very hard. I can't really point to anybody outside of the company who really, really – there were a couple people who nudged us.

Rex Wong can be credited for bringing us out to the Internet world, which was helpful. It's really hard to find somebody outside the company who really pointed us in the right direction.

Dave Lavinsky: Got it. So when it came time to raise that venture capital round – what was the amount of the venture capital round you eventually did raise?

Eytan Elbaz: It was $5.2 million.

Dave Lavinsky: $5.2 million round …

Eytan Elbaz: And at a lesser valuation than we had a year earlier. We had an offer to raise $15 million at $30 pre with no revenues. One year later we had customers. We had customers including Yahoo! as a customer. We had two registrars as customers. I want to say we were probably grossing maybe $100,000 to $150,000 a year. A year later we did a $5.2 million at a lesser valuation.

Dave Lavinsky: As you said you never know when you're in a bubble. You never know if the valuation is going to go up or down.

Eytan Elbaz: You don't.

Dave Lavinsky: You were able to raise the money eventually because sometimes it goes even more south, and that way you fail to raise capital at all. That is good. I'm sure you were a little frustrated at that point though that the valuation went down.

Eytan Elbaz: I think we were very thankful that we had raised our round. We didn't have any more money to go on as a business. We had exhausted our angel funding. We kind of exhausted some of our personal funding and what some of the founders were willing to put in.

We had probably just a couple months left before the company would have either had to go into severe layoffs. People would have had to start not taking salaries

again. I think that would have been a death blow at the time. Seeing the market crash a month later we really looked at each other thinking "*This would not have happened. We wouldn't have closed this round thirty days later*."

Dave Lavinsky: Wow. It's incredible how things turn out and fortunately turned out well. Can you talk about the process of raising the venture capital? Is it something that you guys created a list of VCs and went after them? Or were you on the recipient side where they reached out to you? How did that work?

Eytan Elbaz: I want to say it's a lot of network, word-of-mouth kind of thing. You'd go to different shows. People would come up to you or different VCs would introduce you to their VC friends. I want to say they really did approach us more than we approached them for the first few months anyway. Toward the end we were approaching them.

Dave Lavinsky: So you think a lot of it had to do with your networking and getting out there, going to shows, being in the right places?

Eytan Elbaz: We tried to spread our wings. We'd go to conferences, met a lot of people at the first two Internet World Shows. We had some decent PR hits back then. That really helped us on an inbound list of e-mail, people contacting us once they heard about us through reading an article or reading some web article about us.

Dave Lavinsky: The PR, I guess, helped in a lot of aspects from a marketing perspective, I guess to consumers and partners and also to investors. Is that correct?

Eytan Elbaz: Yeah, I don't want to say PR as much as it was just the natural outgrowth of the things that happened to us. For example, winning that award – yeah, I suppose that just kind of made the marketing machine go a little bit. We'd have writers contacting us to talk about the award and so forth.

Dave Lavinsky: Excellent. So once you raised the capital, how long was it from when you raised the venture capital to when you were acquired?

Eytan Elbaz: Let's see. We were acquired in April 2003. We raised a round in … the venture round or the angel round?

Dave Lavinsky: I guess both. The angel and then nearly a year later you had the venture round.

Eytan Elbaz: In our mind, to us the angel round really, we were able to… I don't want to say it was bigger than a normal angel round. The angel round ended up being over $1 million and allowed us to grow to twenty-two employees and make some significant hires.

I think that's really when the company started talking off. Five of us were working on this thing in '98. But we started hiring pretty aggressively in maybe around September/October of '99. April 2003 is when we got acquired. I want to say that made it about three and a half years from start to finish.

Dave Lavinsky: Excellent. In that three and a half years what were some of your goals? Were you thinking, because you mentioned earlier in the search engine space you have these companies that originally had billion dollar market caps. Was your end game always to be acquired? Was that your vision? Were you thinking about going public? What were your thoughts on your exit strategy at that point?

Eytan Elbaz: This is targeted for entrepreneurs listening to this. I'd say that I think everybody had different ideas in their mind. You have a few founding members and I think everybody's got a little different vision on what they want to go and do and be.

I think a strong financial exit was important. Everybody did want to make money.

There's also Adam, my cofounder Adam, both Gil and Adam were very focused on the vision of what you can do with meaning-based search. I want to say they had a little bit of a longer focus on it.

Guys like me and Jason were the sales people and the marketing people. We were so focused on quarterly sales and so by nature we were more focused on quick, big exits, how do you do it?

I would say this in terms of advice for entrepreneurs. I think you cannot go into a business thinking about your exit. I really think it's a bad idea for a few different reasons.

Number one your business model is going to change probably four or five times in the first year alone. If you don't know where you're going how could you possibly know who needs you?

Number two, especially in a changing economy like this one, you don't even know which companies are going to exist four years from now. Remember at one point we got an offer to be acquired by Alta Vista. They kind of, I don't want to say died on the vine, they eventually did get acquired themselves. People were talking about a $5 billion IPO and they ended up selling it for $100 something million. The people you think are going to acquire you may not be around.

And lastly if you're focused on the exit then the only way to make the company big and to have that vision is to be focused on never needing anybody but yourself, because your business is so good that you're wildly profitable and you don't need anybody else. I think that's the way to think about it.

Dave Lavinsky: That's great. That's a good point. It's a good way to grow your business and think about growing value and growing a good company rather than just your exit.

Eytan Elbaz: Yeah.

Dave Lavinsky: Can you tell us about the process when you did exit and selling your company to Google? What was the process like and how long did it take?

Eytan Elbaz: The guys at Google are and remain extremely sharp. They were much, much quicker about processing diligence than any other. We'd gone down the path with four separate companies being acquired prior to Google. This was our fifth maybe even sixth, I may be forgetting one.

You know some companies are pretty slow, think about it, diligence. Google is extremely fast. They knew what they wanted before we even met them the first time and thought we fit very well into where they were going. The first meeting we had with them was probably in early to mid February maybe and the acquisition was completed April 23.

They got through everything – I mean term sheets, negotiation, agreements, contract finalization and even an announcement on the deal – in just over two months which is shockingly fast.

Dave Lavinsky: That is shockingly fast. Most folks listening to this call have never been acquired. They've never sold a company. You mentioned the term sheet, negotiations, agreement and the contract or getting it out there.

Can you talk through that a little bit, what things did you learn during that process? What things that other entrepreneurs should be aware of when going through that process?

Eytan Elbaz: When we were getting acquired there was a little bit of – you're not sure whether or not the acquiring company is actually going to acquire you. You're not sure if the deal is going to fall through. So many deals fall through, and potentially you're sometimes worried that they're just taking a look at you just to find out about your company, so they can replicate it.

I remember that we were prepared in case this happened because we had gone through this before. Some of us were very focused on continuing the existing business, pretending nothing was going to happen. Listening and finding out what's going to happen. As far as the actual negotiations, Gil and Jason were the two guys focused on that. I was aware every step of the way but I wasn't the guy actually sending that term sheet back and forth.

Dave Lavinsky: Got it. What were the key negotiating issues? Is price the key issue?

Eytan Elbaz: We initially had been talking about maybe doing some sort of earn out. When you're being acquired by a private company there's the issue of trying to value stock. Price is important, what's going to happen with your employees. Which employees get to stay on? Which employees do not get to stay on? Will everybody get fully vested on their options or do they have to wait around to vest?

There's vesting schedules, new employee contracts. You're trying to figure out if there are potentially option packages for going forward, how long those option packages are, you've got your conflict waiver, how long you're going to stay out of the space for. The term is failing me right now…

Dave Lavinsky: Like a non-compete.

Eytan Elbaz: Non-compete, yeah.

Dave Lavinsky: Okay and did you and your cofounders stay on with Google for some period of time?

Eytan Elbaz: Yeah I stayed on for a little over four years. Jason stayed for about four. Brad I think might still be there. Leaving early – Adam and Ari – a couple of the early guys were there for probably less than a year. Gil was there for probably three years. We ranged between a year and four years.

Dave Lavinsky: Got it and did you guys actually move up there or did you guys continue your location where it was?

Eytan Elbaz: We all stayed down here except for Brad who moved up north.

Dave Lavinsky: Got it. Got it. And what role did your investors – both your angel investors and your venture capital investors – play in the process of preparing the company for the sale and negotiations and the whole process?

Eytan Elbaz: I'd say none.

Dave Lavinsky: Really?

Eytan Elbaz: Yeah.

Dave Lavinsky: Did you have a board meeting that they had to vote on anything or really was there just no interaction?

Eytan Elbaz: Yeah, I mean we did have to bring it to the board. We did have to bring it to the board. That's about as deeply as they got involved.

Dave Lavinsky: Got it. What pitfalls would you warn entrepreneurs against in the process? What are some of the pitfalls that you learned from the period of '98 to '03, and starting the company, raising angel capital, raising venture capital,

growing the company and selling the company? What are some things that you learned that you would advise entrepreneurs to heed the advice and to learn?

Eytan Elbaz: Do what you know. I'd say do what you know. Well at the same point, we didn't really end up doing what we knew. It's really nice if you have some bit of background in your space. I suppose you can go and adapt. I think that's more investment advice – invest in what you know.

Dave Lavinsky: Right.

Eytan Elbaz: Okay. Let me think about this.

Dave Lavinsky: Mistakes that you may have made that you wouldn't replicate?

Eytan Elbaz: Okay here's the advice that I would give. There's going to be this kind of desire for you to think about changing your business model early.

I think you should accept that desire. Accept the fact that what you probably told an investor or what you told somebody last week or last month isn't what you want to do anymore. If you feel strongly that that new business model is where you should be going, then you should accept that desire, the feeling that you should go and move your business model.

At the same time you should resist the urge to focus on anything other than what you believe is the core business model at that moment. That might sound like conflicting advice but if you do listen to what I'm saying, I really don't think it is conflicting.

I'm saying for one single month, you might think this is the right thing to do and for that month you do everything you can to hash it out until you feel it's not the right idea.

This is true even in a lot of big companies. You look at where IBM makes money today and where Microsoft makes money today. Companies change. Even once you're public, companies change. You always have to be thinking about the next thing.

Focus on what you believe is the right thing but don't resist the urge to move if you change your givens and your assumptions about the market you're playing in.

Dave Lavinsky: I think that's a great point. You guys obviously lived that point and changed your business as you mentioned in some iterations. There are a lot of examples like Adobe Corporation which started out as a company that created fonts. Look what they are right now today. They completely changed their business?

Eytan Elbaz: Funds?

Dave Lavinsky: I'm sorry.

Eytan Elbaz: They created funds?

Dave Lavinsky: Fonts.

Eytan Elbaz: Oh fonts. Gotcha.

Dave Lavinsky: They were a fonts company. There are countless examples of companies that started in one area and then moved. The key question becomes when can you decide, how do you make this decision whether to shift gears?

I think what you're saying is really taking a month, and correct me if I'm wrong, taking a month to really focus on the current business and figure out can it work or do you need to shift? Is that your sort of methodology for figuring out when it's time to change?

Eytan Elbaz: I think there are a lot of variables that go into this. I mean you're constantly talking to potential partners, potential customers, end users. You're using as many data points as you can to try to figure out is this going to work. What we think is going to work right now – is that going to work?

Dave Lavinsky: And I guess if it's not going to work you have to move on and adapt.

Eytan Elbaz: Yeah or the thing you chose just may not be a big enough market. It just may be a small idea. It's good enough to keep doing but you better think of some other things to add into it. I think that was true of our first revenue generating product which was Domain Sense. That was a product that would come up with conceptually relevant domain names when the one you were looking for wasn't available.

This was a product that we owned the market. We had deals with Network Solutions, Registrar.com, eNom, Dopster, Yahoo!, Bulk Register. Everybody in the space used us. And yet the entire market, everyone doing it, was maybe $1 million a year in revenue. That was never going to sustain our company. It was worth supporting and continuing to support but it doesn't make you an acquisition candidate.

Dave Lavinsky: Got it. Agreed. Good point. In addition to running businesses and you exited the business, now do you get approached to invest as an angel in other companies? Have you done that?

Eytan Elbaz: I do. I do angel investing. I like angel investing. I look at businesses and invest in businesses now. I'd say I'm most focused on my own startup right now that I've probably done the most angel investing into my own business.

Dave Lavinsky: Got it. Can you talk about your own startup or is that under wraps at this point?

Eytan Elbaz: No, no. It's public. It's called Deep Dive Media. We're focused mostly on health content sites. We've got about fifteen health sites now. Our big focus, we just acquired the domain name www.supportgroups.com. We intend to be the center of online support groups.

Dave Lavinsky: And is this a business that you're going to eventually plan on raising more capital for as well?

Eytan Elbaz: I think that is something you think about as you go on. With the economy right now, and the prospect of fund raising, you're not going be looking to get any good valuations today. I think if you're going to raise money you should do it in times when cash is flowing freely. In times like this you should think about running off your own money for the time being. The focus is to get the profitability, grow the company and if capital starts flowing freely again, then maybe it will be time to evaluate then.

Dave Lavinsky: Got it. Can you talk a little bit about your mindset or your thought processes for starting this business? What was it about this type of business that attracted you?

As an experienced and successful entrepreneur already having one very, very big success story and exit, what were the characteristics of a business that I guess you look for as an angel investor and obviously as an angel investor in your own business?

Eytan Elbaz: You know what? It's pretty clearly two-fold. First of all what I referred before, do what you know. In many ways building up sites, you need good domain names to start with, which was kind of a parallel for me.

I focused on domain names, domain parks, admins for domains, for so long being on the Google side of the domain channels that I acquired a few good domain names and believed that there's this entire mass of business in domain names, but the real market is the content, eventually you have to build properties on top of all these undeveloped lots. It's just a matter of time before people start doing them.

The parked page business -- people are getting accustomed to these parked pages and they know they're not real sites. You need to put some real sites up. That was the plan. Put up some real sites.

The second thing is I'm investing in a person. The guy who's running it – the person – is a very long term good close friend of mine. He was committed to the business. He came from the health care space, specifically the addiction space so he got a bunch of addiction names. He's the right caliber of a person, he's somebody who's been successful in his job but has never done a startup before. There's a motivation from a financial perspective to go and have a financial success. He cares about the space and he's very dedicated, very motivated. Right space, right person.

Dave Lavinsky: Excellent. That makes a lot of sense. Is there any other advice that you have for entrepreneurs seeking to start a business, grow a business, sell a business or raise capital, really everything that you've gone through? Any other advice that you have?

Eytan Elbaz: I think you need to do more than you talk. You've got to get a demo up. Get something. Anybody can get a demo up pretty cheaply. You don't need to raise money to get some sort of demonstration of what you're working on.

Keep your business plan short, three page executive summary, fifteen page PowerPoint. Anything more you look like a guy who just writes a business plan. The irony of this is I think I wrote a forty page business plan for Oingo which

didn't raise us any money. When we went around the second go around in August 2000 it was the revised three page executive summary and a business that we'd started building that people responded to as we kind of went back out.

Try to get a demo working. See if you can validate just even a little bit of customer interest. It's one thing to say, "*I believe the market for x and y is going to be $100 million and there's four hundred interested customers*." See if you can just find two people just to take it for free and show even a bit of interest in it. It goes a long way to have an actual customer say they're interested.

When we raised actually venture capital there was a guy, Mark Wozniak, over at AltaVista who took a call for us and told our VC, "*Hey we're interested in this stuff*." That's very helpful. It's helpful to have a customer say, "*We need what these guys have*."

Dave Lavinsky: That's a great point. That validates you to the investor and that validates yourself to yourself that you know you have a business there that there are customers willing to buy your products. To actually show them a demo is worth it to build it out and build a company out of it.

One last question I have is that you sort of started the company, interestingly, it seems like more of project since you were still at your current job. What was your initial mindset? Did you have any initial hurdles? Was it raising that capital? If you didn't get that first angel would you have kept looking for more angels? How would the company possibly have grown ...?

Eytan Elbaz: That's what the turning point was for me. That was a turning point. I didn't really have any money saved up. I was twenty-five years old. I had actually just gotten a raise at my job at AMD. When I told them I was leaving, they even told me, "*You can get another raise in six months*."

I was eating. I didn't have any savings. When we raised the money form the angel we could at least pay ourselves. I think we paid ourselves what ended up being abut 60% less than I was making at the time. It was literally just enough to pay rent, buy a couple drinks on the weekends and eat.

Dave Lavinsky: That's all you need to do.

Eytan Elbaz: Yeah.

Dave Lavinsky: Excellent. My final question – are there any other questions that I forgot to ask you, that you think could help entrepreneurs and business owners that are listening?

Eytan Elbaz: Let's take a look. Well I'll get to that, but before that, I will make one promotional shout out. That is I've got two other business ideas, two ideas that I think are both viable and could make money that I'm personally willing to invest in and I'm looking for the right entrepreneur to fill those roles.

So if there's anyone out there who wants to take a chance to probably make a lot less money then they're making at their job and to own some equity in a good idea I want to fund, I'm interested. Finding the right entrepreneur can be difficult.

Dave Lavinsky: Where should they go? How do they contact you?

Eytan Elbaz: Let's see. They should be able to find me on the web. If they can't, they're probably not the right guy. Eytan Elbaz. You can find me on Facebook or various other ways. You can find me through Facebook.

Let's see, taking a look at some notes here. I'd say if you're going into this, certainly during the bubble time people are thinking, "*I have to do this for a year*." I think you need to put in your mind, if you're really going to do this, I

know a number of entrepreneurs, a number of guys who sold companies and nobody does this in a year. Nobody. It takes three, four, five, six years to get this done.

If you're not willing to put in three, four, five, six years to get it done then you may not be the entrepreneur founder of a company who's going to have the resilience to go through what will probably be a difficult adoption period, trying to get people to use your product, probably some ups and downs with employees that you hire.

Maybe you go through some management you didn't like. Maybe you go through some tough economic periods. One way or another, the $150 million dollar acquisitions that you read about, none of these happen in a year. I want to say none of them happen in two years.

Every now and then, every now and then you'll see a Twitter. Twitter happened to be kind of a simple idea that went extremely viral. It probably wasn't quite the hurdle of building a Google, but I think for every Twitter out there, I think there are a hundred Googles that took several years to build.

Dave Lavinsky: I think it's a great point.

Eytan Elbaz: Evan, if you're listening to this, no offense I think it's an incredibly good product.

Dave Lavinsky: I'm sorry, Twitter?

Eytan Elbaz: That was my call out to Evan Williams in case he heard me say that Twitter was an easy idea.

Dave Lavinsky: Twitter is a nice success story in itself. Whatever people have positive or negative feelings about it, the fact that their growth curve really speaks for itself, so it's pretty impressive.

You have to really have that mindset that a company is going to take three to six years. On average I think it's seven or more years for most companies to achieve success. You've got to go in there with that mindset that I'm going to work hard not just for a year but for many years to make it happen, is a great point.

Eytan Elbaz: I think that's exactly right. I think you need to go into it thinking – and it's got to be your main focus in life.

Oh, surround yourself with smart people. That's the other thing – like-minded, smart people. If you surround yourself with the wrong people, they can take you down the wrong path. They can waste money. They can get too entrenched with internal politics. You have no time to fight within a company. You can't deliberate direction, strategy forever. You need to execute.

It's okay to have different opinions but I think sharp folks who are like-minded can see through that stuff and then come to an agreement.

Dave Lavinsky: Excellent. Eytan, this was extremely helpful. I think that everyone who listens to this is going to get a ton of value from it. I really appreciate your time and thanks again for being with us today.

Eytan Elbaz: Sure thing, Dave.