

Tomer Dean 00:00

So let's say a founder is pitching a VC. Usually a founder will just kind of load up his PowerPoint right? Connect to the screen and just boom, go pitch away. 10, 15, 20 minutes even, kind of a monologue. And I think that's the wrong way. Because you finish your pitch, and investor sits there kind of polite, maybe asks a few questions. But he'll say - alright, this, let me think about it. Or I'll talk to my partner or we'll let you know. And then you either get a yes or no. Does that tell you which part you can optimize, does it help you understand where the problem is? Not usually.

Noa Eshed 00:41

Hey all. As we enter the new frontier in artificial intelligence, with generative AI leading the way, this conversation can be super relevant for entrepreneurs who are trying to navigate this new landscape and figure out what skills it makes the most sense to hone in order to stand out. The conversation is with Tomer Dean, he is the co founder and CEO of Audiolabs, a startup that builds AI technology to convert podcasts into short form video clips. He's a tech entrepreneur, full stack developer, guest writer at TechCrunch, host of two podcasts, the list goes on. Growing up in Silicon Valley, he started his digital career at the age of 15. He taught himself how to code his first website, which he later sold at 16 for 10 grand. He hasn't stopped coding and building since. During the years he's built many side projects and companies in SaaS media, consumer and e-commerce. Some are bootstrapped, some VC backed, some sold. Here's our conversation. So Tomer, welcome to Real Life Superpowers.

Ronen 02:03

Hey Tomer.

Tomer Dean 02:04

Hey, guys, thanks for having me.

Noa Eshed 02:06

I gotta say like, right from the start, your character sort of stands out like this morning at 9:10. You texted me when we have this interview at 9:45 to ask if we're meeting face to face, or via Zoom. And it just like reflects so much about your agility, I think. So, thank you for just jumping on and being fun.

Tomer Dean 02:27

Next time it needs to be face to face then.

Noa Eshed 02:29

Gladly.

Ronen 02:30

Fair enough, although you have like a perfect setting in the background. And like there's this whiteboard, where you look like part of the funnel of the user journey or whatever kind of

business model you're building there. And I have to say that I'm really envious about your writing. Is that you writing?

Tomer Dean 02:45

Yeah, yeah, that's me, it might be a little remark my girlfriend added. But yeah.

Ronen 02:51

The triangle on the left side is just ridiculously perfect.

Tomer Dean 02:56

I appreciate that. It's actually a funny story about this office, I moved into a new apartment six months ago, and I had this whole perfect zoom setting planned out in my head. And then because of the wall, the wall material at the place, the shelves and everything on the other side. So actually, this side is the ugly side, the side that you don't see is the really nice one, which unfortunately didn't, doesn't fit into the Zoom or into the recording background. So I still need to make a few changes. But

Ronen 03:29

It's like you have a guest and you're like saying holy. This is like, this is a great, you have a great Zoom in front of you. Right? So it's like, it's like, yeah, we're the guests. So think about us on the other side.

Tomer Dean 03:41

Yeah, thanks for being here today.

Noa Eshed 03:43

And then since this is audio only so we're covered.

Ronen 03:47

Yep. Fair enough.

Noa Eshed 03:48

So I got to share like looking at Audiolabs i I am enjoying AI so much these days that I'm probably not the only one I think like the all of society in a sense. This feels like days of a digital playground. Like I keep adding all these tools and enjoying AI. And and I'm seeing it truly starting a revolution. I'm curious, do you feel the impact of ChatGPT getting rolled out? Do you do get more people reaching out to you for what you do?

Tomer Dean 04:16

Definitely. In the past several weeks, several months, there's no denying the momentum that AI is getting. A lot of its momentum is falling onto the companies that are currently working on AI. So we're seeing inbounds from users, mainly from different directories of AI tools that some people curate. And also different partners. Investors are reaching out more inbound, I think and I

assume other companies in the generative AI space are seeing similar. Yeah, it's an interesting time to be in this world. And it's not every day that a new technology comes out that can actually 10x in the existing process.

Noa Eshed 05:08

And do you think it's good days for entrepreneurs to actually start building something in AI? Do you think like, where are we in the in a curve of adopting technology and the ability to leverage it, as you see it?

Tomer Dean 05:19

I think it's the perfect time to start a AI company, just because of the sheer amount of frameworks and models that you can openly connect with. On the other end, there is a cash crunch in the venture capital world, it's not the best time for raising around easily. So there's two trade offs. If you ask investors that likely say it's the perfect time to start. But it's a trade off, I think it's a good time to start working, validating new products, maybe even bootstrapping a bit. Not assuming cash will be so easy to come by. And I think in the AI space, there's a lot of questions around how defensible is this idea. Is it commoditized? If every competitor can access the same frameworks, and the same tech, as you, where is the differentiation, isn't go to market?

Ronen 06:17

You're actually saying something like about the 10x? Right? So you're saying it's great, like, you know, you're right, it's like, not every day, you get something so exponentially, you know, higher than anything you've ever seen, you know, getting to AI getting to fast conclusions, even having like, kind of an emotional result of feedback, okay, of what you're asking. And then you're in the AI, like, how intimidating is that? Okay, when you have to 10x, and then they're like, Yeah, you know, I saw what you have. And, you know, ChatGPT is, is doing that, whatever, you know what I mean. It's also really intimidating. It's inspirational. But isn't it intimidating as an entrepreneur?

Tomer Dean 07:01

So we were lucky enough that we're still early stage enough that we're able to lean into these new technologies and not compete. It's not like we were working for five years on some model, which, you know, is subpar to GPT-3. We, were now using GPT-3 as a way to optimize our results. And we're doing a hyper train model on top of GPT-3. So it's actually coming and giving us a push. And I know but there, you're definitely right. There are companies that have been developing these technologies for years, and investing millions, if not 10s of millions. And in one day, their r&d and their tech might be obsolete. It might be worse and more expensive.

Noa Eshed 07:51

I'm using some writing tools. And I feel like ever since ChatGPT was rolled out, I'm not really going back to them because I don't need to. So I'm thinking that's probably happening across the board. And it's interesting, like, when did you start your venture?

Tomer Dean 08:08

So the story of Audiolabs we started last year. And we started by, you know, jumping into the world of audio and podcasting. And we took around the year to validate a few different directions. We were, every few months, we would launch a new product and validate with the user segments. So we did a lot of early validations. When we, kind of did a few products that we threw away, we saw that they weren't viable, until we reached this new this product that we have today, which is the value proposition is helping podcasters get more growth by using and leveraging these new video apps like YouTube Shorts and TikTok.

Noa Eshed 08:54

Right. And then like, this is not your first rodeo. So were you always with that going with this approach of an MVP? Or was that something that was learned through trial and error that you have to not have assumptions and develop a full product but, you know, go down a more careful path of actually, you know, putting your ear on the ground.

Tomer Dean 09:17

So it wasn't always like thi. In the last few years, I've definitely been more careful in the way I approach new product validation. So I'd love to share a story. And this is a story going 10 years back. Me and my two co founders that we're still working together today, we were all studying together our computer science at IDC. And we had an idea for a startup. It was a marketplace to connect dog owners with dogs services. And we had an idea. And we were three developers and what three developers do when they have an idea? They build. So we sat down for I think it was six months, maybe nine months even. And we developed a full platform. We had the whole specs and user journeys, user flows, whatever you want. Payments, transaction messaging, we just built like a whole Airbnb type of website. And then we launched. And this was before talking to any customers. And then nobody came. So actually, I'm joking. That's the more dramatic version. So that the website did succeed, people came, but we saw that they used only 10% of the features we built. So you could look at it as we wasted 90% of the time building pointless features that nobody's ever going to use.

Ronen 10:45

What are the features they wanted use?

Tomer Dean 10:47

They wanted to find someone that can take care of the dog, talk to them, and see the reviews? That's pretty much it.

Ronen 10:56

That's actually really interesting. There's businesses like people who do like monetization on display. But you say to yourself, like, I'm not the person who clicks on a banner, right? Or there's, there's so much entrepreneurs going up with products that, you know, either is illogical, because either culture or whatever, you're not, you're not the user itself. And when you don't talk to the people, you're actually wasting a lot of time. And the worst thing is also pitching to

someone, and then they say, I want this feature. And then you go develop that feature, because that one, one person subjectively said he needs it. So like, like, that's more than a developer. It's sort of like entrepreneur problem, like how do you feel you progressed from there till now of doing, you know, just efficiency.

Tomer Dean 11:42

So at the end of this, I felt, we felt pretty stupid, we felt that we could have done the same feature set in a month of r&d instead of eight months. And it gave us a long lag at the market, that we could have been in a completely different point, if we had worked differently. And we vowed on that day, never again are we going to go into r&d before talking to customers. Today, I'm actually a bit more extreme. Today, I don't want to start r&d before we have a paying customer. Not even like an LOI if the cash is in the bank. Because that shows how urgent the problem really is. And also waiting lists if it's a more b2c type. So you know, we don't, we don't start until we have 1000 users that signed up on a waiting list.

Noa Eshed 12:35

Wow, that seems that even aggressive, like I'm thinking, I could love the notion of a solution to some problem of mine. But I have to deeply trust somebody who is telling me that they're going to be developing it. And that, you know, I'm going to be also happy enough with the way they're doing it so that I would, you know, pay in advance. I'm wondering, I mean, is that going well, for you? Do you get rejections that are based on? You know, I will pay, but if you know, how do people respond to this?

Tomer Dean 13:10

So our approach is, we, we prefer to sell and then build, and the scope of what we're selling is limited to things that we can develop and actually deliver within usually a month timeframe. So if we're saying, if we have a landing page that says - you can buy this product right now, for \$100, can do XY and Z, we're going to make sure you're going to get it within a month, at maximum. So we don't oversell beyond what we know we can do in the near future. That's our way to limit the negative impacts of this. But it's also been, you know, to it's mostly a selfish decision, to be honest, right? It's protecting ourselves against downside of wasting time.

Noa Eshed 13:58

But that's amazing. I mean, if it works, then you know, you figured it out, I'm just thinking, how is it possible to sell something and make it sustainable, and you know, retain the customers. Because unless you're not selling something that also requires a user experience, and I'm trying to think of something that doesn't require any user experience, and I'm not able to, so you have to be able to truly deliver. And then also, I'm thinking pricing wise, like how much are people willing to pay for something without truly knowing what they're getting? Or do you, for example, provide a demo or a very clear expectation of what they will get?

Tomer Dean 14:40

Yeah, so this goes back to having very good messaging, having good value proposition,

explaining the benefits, showing the pricing page before having them add to the waiting list. So it's doesn't always mean you have to charge the customers credit card, it means that they have to understand, this will be a paid product, that this thing I'm signing up for will cost me money. But it's solving a problem that's so important that I'm going to sign up anyways. So it's important for us to not try this too quickly grab the user's email by doing, you know, little magic pop ups and stuff, but actually saying - no, this is the problem. Here's how much it's gonna cost. This is how the product is going to work for the kind of overview flow. And if you want it, sign up. And if nobody signs up, that tells us a lot.

Noa Eshed 15:33

And I'm thinking probably investors love this approach. It's very, it's very bullet proof as you're trying to create. And then but do you even need investors when you take that approach? Because clearly, you can fund and grow through what you're selling?

Tomer Dean 15:49

This depends on the company, depends on the stage, if you can sustain yourself from these early revenues. That's amazing. It's not always the case that it's enough to sustain yourself. On the investor side, I would say, yes, it is a positive signal, I do tend to see that it might be a bit overused the past year or two. Many companies are saying they have waiting lists of hundreds of users, it's kind of something that you know, they've been hearing a lot,

Noa Eshed 16:18

Including paying customers and how much they're willing to pay. Because there's a huge difference between - yeah, I want this. And yeah, I want this and I'm willing to commit to pay.

Tomer Dean 16:22

That's the thing. So when you're talking with an investor, and you're you want to show off your traction, and you say we have 1000 users on the waiting list, that investor doesn't know what these users passed on the journey. And, you know, he's hearing this sentence from many founders, some founders maybe didn't put a pricing page, so the barrier of their waiting list is much lower. So it's hard to compare. But I use it for a tool for us internally, if we don't have that, you know, I'm not convinced we should do this way before, explaining and convincing an investor that this is the future, it's first important to convince ourselves because if we're not convinced, nobody's gonna be convinced by us anyways. Like, it will sound like bullshit. And if we are convinced that this makes everything much easier.

Ronen 17:16

That's a good point. Because here you're actually going for it's, I find that with a lot of entrepreneurs, you're looking at the truth in the face seeing, like, not getting the rejection, some people are like, you know, they're scared of getting the rejection. But on the other sense, it could be, like, there's always the kind of decision of trying to think, am I going to sell an investor on a dream, or on a reality, because there's something about that, that maybe you do sell it, but then you get feedback. And there's, you know, for sure, there's going to be problems, you know, into

putting it inside the systems, teaching people how to work with it implemented getting in, you know, an organization, things that don't work as well, you know, and then something becomes real. And then they can actually say - okay, this is how much revenue you have, here's the multiplier. You know, like all the, the idea. So isn't there a disadvantage on the investor side?

Tomer Dean 18:12

So waiting lists can have a two, I think it's a two kind of a double edged sword. On the one hand, you're proving you're de risking demand, you're de risking this team's ability to reach the target consumer, explain the value proposition, get them in the funnel, you know, many entrepreneurs, they don't do that part well. So I do think it's an advantage. It's a clear advantage. How much of an advantage is it over, let's say another company that just has 10 paying customers and not 1000 people on the waiting list? Hard to tell. So I, I'm not using it today, as kind of my you know, this is what I'm selling. I prefer to have paid customers. But at the beginning, if that's all you have, then of course, showcase that. I have many friends that also raised huge rounds. Well, this was back in 2021. So the world was different. But they raised a lot of a huge amount of money on the premise of these waiting lists. A good example is my friend, Yoav Wilner at Walnut. I think they raised the first 4 or \$5 million just on a waiting list of 100 customers that were interested in this product. I do have to say it's a b2b audience, which means 100 is different than 100 consumers. But yeah, that was very, very impressive. Back in the day, think today is slightly less.

Noa Eshed 19:39

Yeah, that makes a lot of sense. Yeah, but it's a great tactic to consider I would say, what number venture is this for you about?

Tomer Dean 19:48

Phew. It's hard to count? I started pretty early getting into different businesses, I would say in terms of venture backed I think it's the third one, if you count all the bootstraps in different projects, probably 20. Quite a few.

Noa Eshed 20:07

Did you ever work in a company and not to be the founder of it?

Tomer Dean 20:11

Yeah. So this actually goes back to, you know, we were talking about superpowers here. Right. And there's one, I don't think that I'm very good at so many things. But I think there's one or two things which I seen naturally better than others. And I think it's helped me a lot in this journey. And I think many people can leverage this as well. And this goes back to my, to my, to my past. So I worked several years in the Army, and after in the prime minister's office, and I got to see how it is to work in the large government office. And one of the things I was good at there was helping them validate new products. You know, people always like to say, you know, entrepreneur, and enterprises and stuff. But it was actually that so my, one of my jobs was to take new concepts, create a POC, or markup, explain how we can help someone in the

organization, go pitch it to all of the executives and the C-levels. And then either they decide to build it, and it goes down in r&d path, or nothing happens. And just, it's shelved. And that, really, I really love that part of my role, because it's kind of like being a startup founder, your idea is to validate a direction and find a customer that it helps showcase how this can work to the executive teams, which is similar to investors, right, get the resources. And that helped me you know, and we did 10s of products, and every few months was a different product, kind of like McKinsey or something. So that gave me a lot of experience in pitching and creating demos and explaining value propositions, which strongly affected my experience as a founder.

Noa Eshed 22:08

We're excited to be collaborating with the Israeli website, CTech owned by Calcalist, Israel's leading business newspaper, Ctech is the gateway of the Israeli high tech to the tech world and vice versa. If you're not already a regular reader, we strongly recommend that you check out calcalist tech.com. To stay up to date on all high impact stories from the Israeli tech scene.

Ronen 22:33

Tell that that's a really serious superpower, by the way, okay, as skill set, like, let me understand something about the process? One, how do you know, like, when someone pitches the idea to you before going into that, okay, what is like a rule of thumb of a no go no. Okay, two - how much time you give it to, you know, be kind of real enough till you pitch it to someone? And what are the feedbacks that you come back and don't even go through with the second meeting? And how long is the process itself for you to make like, the product, because you're talking about like, a big, you know, like, this is also government, also large, right? So, the any process, even buying pencils should take time. And it's always like, you know, the most annoying, you're like, you know, if there's any kind of process of agility, this would be the place that lacks the most. So tell me about that process.

Tomer Dean 23:33

You're right, these places don't like agility. And that's also the reason why it didn't really work out. And then I was, it wasn't fulfilling enough. Too many projects were shelved, that had so much merit. And it was so obvious that this was the right thing to do. But it's hard to move things in these places. And the speed is nothing like the speed and urgency of the world of startups. And that's why I left. But yeah, it did give me kind of a experience on the other spectrum. Right, you have startups on one end, you have corporates in the middle, and then you have governments on the far end. So I think my goal was, first of all, to find a problem, which means I had to talk with an internal customer, not the executives, they're not the customer. They're the sign offs. So find someone that has a problem, an urgent problem, where it's very easy to validate, and quantify the value that they have no solution or a shitty solution today. The best is if they're doing if they're making something with Excel, do it they're doing something really weird with Excel. That's the ideal situation. There were a lot of these examples that they just had this legacy Excel and nobody was allowed to touch as fear of break with like internal loops and all this shit. And we will quickly make a POC so I think another thing I'm pretty good at is also because my experience is I'm a software developer by trade. But I did a lot of product

management work. So I got pretty good at making mock ups that didn't work, or one page web apps that look and feel like they work, but nothing works in the back end, just front end stuff, you click here, something pops up nice, but nothing actually happens. But it looks like everything works well. So it makes for great presentations, kind of like a figma. Back in the day, we get to actually program it. And so those are the big thing is finding a big product, finding a target audience that needs this, showcasing some kind of early demo. And then going for the pitch. That was the process and the you know, we we can do this in a few weeks. And then we a few weeks just for that one meeting to pitch it. And yeah, so that was the process. I learned a lot. And it got me to understand how the pitch things, how the see where, you know, their eyes light up, I think that's a big thing. Like, which parts of this pitch make people excited. And to same thing that's important today, if to any founder that that's fundraising, what sentences can you say that you see the pupils of the other person light up or expand?

Noa Eshed 26:24

This is so great, because I'm truly hearing a practical framework here that I think people listening can actually apply either at the stage where they're looking for an idea, or at a later stage where they're trying to figure out exactly where how to take it from there, and even at a stage of understanding how to pitch. So what I think this comes down to is, as you're saying, find a problem. And this can be a problem that you're experiencing, which based on what I'm seeing, the people that solve a problem that they're experiencing are typically the ones who succeed the most. If I'm to generalize here, so find a problem, and then find other people who are actually suffering from that problem. And don't skip this step. I think one of the key themes that are that I'm hearing in this conversation is how important that is, and I can't agree more. So find other people with that problem. And obviously, especially if you don't suffer from from it yourself, and hear them out. And maybe I'll add here that when you hear them out, don't put words in their mouth, you know, try to really understand exactly what they're experiencing. And then after that, try to now do a little MVP. And I think in these days of generative AI, it's simpler than ever, because you can probably get some form of scripts through ChatGPT and even leverage it not even but leverage other tools, you can use free tools even to create a landing page for this, you can do a lot. And if you don't have that understanding, then you can go to marketplaces like Freelancer or Upwork. And see from there, how you can get somebody to develop something at a very low budget. And then after that, it's a matter of pitching. And I would love to hear your inputs on that. Because you know, there's stuff to consider here. There's who you're pitching, not everybody is a relevant investor. So maybe there's research to be done here. And then the how? You gave a very, very important bottom line of see their eyes lit. But how do you create the bridge from an MVP to a pitch that makes people's eyes lit? And these clearly have to be specific people?

Tomer Dean 28:26

Yeah, so that part is a bit trickier. So everything here, in theory sounds easy. So I completely agree with what you're saying, Today, it's much easier to get something launched with no code or hiring a developer to you know, combine a few different tools. There's so many options today. I remember back in the day, you had to develop everything. Everything was a project. Regarding

investors and figuring out which parts of the pitch make them light up. It's not always so easy. It takes a while until you understand which parts you know, in the end, there are kind of the common things, investors, you know, it's pretty there is a checklist of what investors love to hear.

Noa Eshed 29:08

Okay, tell us a bit about that.

Tomer Dean 29:10

Yeah. So there's kind of this the standard, right, what investors want, they want to make money. Why do they want to make money they want to succeed because they raised 100 million, and they have to return 300 million in 10 years. And that's really, really hard. And only 5% of funds actually return 3x or more. Only 5% funds actually deliver the over promise that they gave their investors. So investors are very desperate to succeed. And it's a very hard job. And that's why they have to be very strategic about how they input signals. And sometimes just in one word, or one wrong sentence can kind of de-excite them. And the things they're looking for it makes sense this is why they're looking for it. They need a big outcome, which means a billion dollar company. I'm assuming this is a standard fund and not a micro fund, which means they want to see a scalable solution, high margins, a large market, ideally growing, they want to see that you have a core tech, in a tech based moat, you know, any kind of moat that can make sure that you're not going to be swallowed up by competitors. And the team has competence. And the team is the one that can succeed. This five big questions in any investors mind when they have a call, either subconsciously or consciously that they need the answers to these five questions to be able to send the term sheet, maybe even four? Yes, this will give you a good signal, but five is the is the outcome. So that's kind of the framework which I use. And it's a framework that was given to me by a good mentor of mine Ofer Vilenski he is the founder of Hola. He told me a few years ago, your deck needs six slides, there's six questions in investor needs to say yes to, and you'll get his money. And that's kind of been my, my North Star when I pitch. And the goal is to understand when you're pitching, what problem, which of these five or six questions, does the investor not agree with you? And I think this is the most important parts. So let's say a founders pitching a VC, usually a founder would just kind of load up his PowerPoint, right? Connect the screen and just boom, go pitch away. 10, 15, 20 minutes, even kind of a monologue. And I think that's the wrong way. Because you finish your pitch. And the investor sits there kind of polite, maybe asks a few questions. But he'll say - all right, this I'll, let me think about it. Or I'll talk to my partner, or we'll let you know. And then you either get a yes or no. Does that tell you which part you can optimize? Does that help you understand what the problem is? Not usually. So a better way is to treat this as a conversation. So there is that five or six elements to the conversation. And you can also stop the pitch after the first part and say, do you agree with me that this is a strong pain points? Do you agree with me that this market is worth, is a big market? Do you agree that our go to market strategy is the one that could succeed? And don't expect the yes, on every answer. And when he doesn't agree on something, then you can discuss it. Alright, let's take 10 minutes of the meeting, let's discuss this specific point. If I couldn't convince you after 10 minutes, then there's no reason to continue the pitch. Why should I go into the team and

everything and attraction if you don't believe and you don't agree on the problem statements? Right?

Noa Eshed 32:55

Yeah. But also you need to really listen and ask yourself if maybe you heard some painful feedback that makes sense.

Tomer Dean 33:03

Perhaps, perhaps, and maybe these conversations, you know, many investors are very smart people, they can definitely signal an area which could be problematic. There's a lot of merit to listening and actually digesting the feedback. I'm not saying blindly. But you know, if you agree with it, definitely. But I think that helps you kind of understand which parts you can improve. And I'll give you a very real example, from a few weeks ago. I did a few rounds of talks with investors for upcoming seed round. And I had this framework of the five, six questions. And after the five meetings, I did like a little, like little table on the dining table. And I had like a checkmark on all of them, investors, and I saw, what were the common feedback, the common reactions from all five. And all five said pretty much the same thing. One of the columns, one of my five big things, they didn't see enough. And that's where I focus my efforts. And I think that's a really interesting framework.

Noa Eshed 34:09

I love how you're very open to feedback and you're willing to adjust based on it. Like you're not clinging to anything. Is that something that you've learned over the years? Or is that sort of second nature?

Tomer Dean 34:22

I wouldn't say I'm perfect at it. I also suffer from the same founders. I know I, it's my baby. I also get offended when someone declines. It's never it's never fun. So I wouldn't say I'm Iron Man or anything. In terms of feedback. I think it's much easier when you understand the position your investors and it's not like his job is easy. It's really hard. Like I wouldn't want to be an investor. I think it's harder to succeed as an investor than as a founder.

Ronen 34:52

So this is the first thing everybody says it's a really easy job to be an investor you invest, you hedge, you have a portfolio what's hard about got that job? And how do you know?

Tomer Dean 35:02

It's hard because most investors fail. What does that mean? That means they didn't, they don't return enough to their investors, they won't get a second fund. And they'll just kind of phase out and die. It might still say investor on their LinkedIn profile, but they won't be active. And LPs won't give them more money because they didn't prove themselves the first time. I think it's, it's, I understand why many people go into investing. If you raise a big enough funds, you'll have a great salary. If you succeed in choosing the right startups and succeeding, then you'll become,

you can make 10s of millions of dollars, if not more, so your upside is very high. Your downside is relatively low. So let's say you're opening a fund and you're 45, 50 years old, and a 10 year fund. So it'll take 10 years for your LPs to figure out that you succeed or fail. If you succeed in 10 years, perfect, you make your millions you retire early, you keep on doing it. If you fail, you'll still make good money just from your base salary, you won't make the other carry and then you can kind of retire just a bit quieter. It's a hard job to succeed. So choosing the right startups, you know, humans are notoriously bad at predicting the future. You know, the best investors in the world declined the best companies in the world. What does that tell you? Nobody knows what's going to happen. And we have very bad predictability rates of future success. And a lot of investing today is intuition and guts. And that it's a good thing and a bad thing. So a investor can easily just say this, not invest and not be excited because the founder didn't pitch it well enough. So is the founder, is the ability of the founder pitching is that the most important thing of startup? Probably not. There are many successful introverts founders, that they don't speak properly. They don't communicate like Steve Jobs, and they still have billion dollar companies. So there are many factors. And you know, human biases has a lot of issues. I understand why there's a certain type of founder that has a bit easier than others. And VCs look at the past in order to make future predictions. So cyber worked out well, in the past few years. We're gonna keep on doing cyber.

Noa Eshed 37:28

And the track record of the of the entrepreneur.

Tomer Dean 37:31

Exactly, the entrepreneurs looking forward is like - okay, what will be the biggest changes in the world in the next three years? And investors? It's not the investors aren't looking forward as well, they are, but they know that they have the dollar signs of the past few deals in their head.

Noa Eshed 37:49

No, I was saying that, that the past of the entrepreneurs. So if it's a an entrepreneur, with a track record of success, that's gonna raise the chances of investing in that person.

Tomer Dean 37:57

Oh, of course, of course. But that also makes sense. I don't think that's an issue. That's a good signal. But of course, it's not the only signal you should look at. There are many, you know, Mark Zuckerberg succeeded on his first time, he wasn't a second time founder. So I think there's there's logic in both ways. But you know, I was even offered a year ago, to come in as a kind of a open the fund, a small fund of, let's say, half a million dollars to a million dollars and invest in 10 companies. And I actually thought about it, like, what are the chances I'll succeed, and I wasn't confident I would succeed, I figured out there was a big chance, I'm gonna lose all this money.

Noa Eshed 38:40

Because again, you're very grounded and looking at the and very practical. So you're probably

right, because, you know, that's, that's just the numbers speaking. But as you said, the upside here would clearly be very high.

Tomer Dean 38:51

Because you need a thesis that you agree with. And it's easy for you to make decisions, and you don't get into FOMO. Because I'm someone that gets really excited. Like if I sit with a founder, and he's telling me about his vision, I can get completely sucked in and start helping him and intros and all these different things. So it's very hard for me to kind of separate the the cold logic of this is going to be a big outcome. And this is personally exciting.

Noa Eshed 39:20

I don't believe you, I know you mean what you're saying. But if you listen to yourself, then you have clear KPIs in order to understand if something is promising or not. And it's also something that you're saying is your superpower and you did it at the government so maybe when you buy into something then you fully buy into it, but it will have to check a lot of the boxes. So it's gonna you're gonna get excited because it's a huge problem and you're hearing that people want to solve it, and you saw something that's clear indication. And then okay, you may be wrong, but that's the that's the game. But I do believe that based on the way your think you think you would probably approach things very carefully. And if you are excited, then that would probably make something interesting.

Tomer Dean 40:03

I can give you an example of where I fucked up. So I had an opportunity to invest in a company as a small angel investor a year ago. This was a friend I completely trusted. I think he's brilliant. They had interesting traction. But there were some, you know, questions is this big enough? I don't know. And he offered me to invest when he was still talking with angel investors. And you know, like any investor, I made the mistake of saying - you know what, I'll wait a bit. Let's see what happens. Let's see what else comes in. All right, the dumbest thing you can say, in my opinion, I think that was a mistake. I just wanted to push the can down the road and delay the decision. And then he asked me again, after a month, after some people came in, I still kind of said the same thing I didn't really buy in yet. And then quickly, it was over the company finished the round. And today, they're doing amazingly well. I won't say the name, but they recently got funded by Aleph as well. So it's now a superstar, and I was there in the fucking beginning. And I could have so easily gotten.

Noa Eshed 41:18

Did all the boxes check for you? Were you sure about the all five?

Tomer Dean 41:21

No, they didn't.

Noa Eshed 41:22

I don't know. It just sounds like - okay, you're gonna make mistakes. But if you don't have a

formula, that's exactly where you can get carried away. So that sounds like something that's protecting you like, my humble opinion is that even though that didn't prove itself in this time, you should probably stick to what you understand and believe in. But that's the thing that I didn't believe in this guy. But does that trump everything? That like you have your, your rules of when it's a yes, and when it's a no.

Tomer Dean 41:49

Yeah, but my rules suck apparently, if I missed out on the first opportunity I had.

Noa Eshed 41:53

I disagree. What do you think Ronen?

Ronen 41:55

Okay, so first of all, I think you're competitive, which is great, and, and if you didn't think you suck, then you can't get better. The second thing is the human factor, as you said, we're bad at predictions, but the human factors is the next factor. So when it goes the opposite, it's opposite. So what you're saying is, and I'm sure a lot of you look like a person that, you know, relationship wise, a lot of investors probably are reoccurring as a guest. But or some of them at least the base ones You're also pretty loyal as a character, in my opinion. So what I'm saying is, the X factor can go both ways. It's also the reason why not but the investor, I think, has the hardest job, in one sense that he doesn't do work. So it's never appreciative, but they do have a knack, the good ones, of having the X factor, and not having the knowledge and the experience of making VPs or mock ups. But having the experience of how to have a due diligence, you'd call it gut feeling, but you taking the human factor, and turning it into ROI. So you know, the factoring how three different people have three different jobs and how they communicate and how much they want that and how much you know, are they marathon or sprinters. Okay, how did they succeed? Did they solve problems as optimists or not? And the due diligence of that is really hard to factor in this math. So it's more it's like, there is a checklist, but it's more like, you know, it's, it's more like, sort of a genius way of, of looking at it as a method. So, no, so like, I think, as a job, the skill set of doing it, I think you're amazing at doing due diligence and being efficient about it. Right. And I think you're just, you know, the X factor thing is you believe in human beings. So you're just annoyed that you knew that guy was talented.

Tomer Dean 43:50

Yes, I'm annoyed because I let the framework let me go into saying no. And what I learned from this, and I'm not sure this is the best decision, but what I learned from it is, if I would say open the fund in the future, let's say \$1,000,000, ten companies, right? I want a very simple way to determine is a yes or no, I don't want to have to start hearing all these pitches of ideas I'll never understand. Because I'm not the target audience, or technologies that I won't understand. I want a very simple way. And then the only thing I can come up with was - do I trust this person enough that I'm going to blindly follow him. And that's my best thesis at this moment. So if I will do it today, I will take the 1 million and I would wait until I had 10 CEOs I trust that our fundraising and I can get in and I would pretty much blindly give it to them. I am not even sure I

want to hear the pitch because the second I hear the pitch it might be over right? The biases of all these industries and market sizes all this other stuff could come in the way. If I trust that this person that will actually wants to build a huge company, and is capable and smart enough. He'll figure everything else out. Genius, but quantify that. I can't quantify that. I'm not sure if it's a genius strategy. It could be a dumb strategy. No. But if you quantify, quantify trust, you see, that's the that's the thing. Yeah, it'd be interesting. It'd be interesting to see how this strategy would work as a fund. Like if you just don't even pitch me, I don't want to hear the pitch. Because I don't care what industry, I don't care anything except for the person for the team.

Noa Eshed 45:28

You're speaking to somebody sitting next to me who has that strategy.

Ronen 45:31

It says, the quantify trust. The problem with trust, is it's not it's subjective, right? Because you have trust between people because you're also competing with other people. So it's a hard one. And by the way, I, you're, you're right. I don't know how to scale that. Right. You know, it's like.

Noa Eshed 45:49

Ronen has a website up somewhere that says - I invest in people not in spreadsheets and pitches, don't even send them to me.

Ronen 45:57

Now, the problem is, I don't know enough people.

Tomer Dean 45:59

It's not scalable, because trust is not scalable. It's dependent on your first degree connections. And if you have enough first degree connections to fill funds, great. If you don't, maybe you're not the right person to do this fund.

Ronen 46:12

Correct. Correct. So the Tomer, I have a question for you. What would you say I understand the skill set of kind of, like, you know, checking MVPs. But what would you say your superpower is?

Tomer Dean 46:25

Natural curiosity. Naturally, being curious around the things around you is a superpower. I think if you don't have this, you're gonna miss out on a lot of things. Think it's hard to hack. For example, a lot of the big improvements I made in my companies was figuring out something about my target market. Just figuring out the right word to use the right sending with the messaging, it's not always easy. You have to ask, you have to ask them why and go on conversations and really want to know what's going on in their heads. And I think if someone that isn't naturally curious, they won't do all of those things. They'll keep it a bit superficial, and you won't get into the weeds. So I think that's one of my, I would say my biggest strengths.

Ronen 47:10

An optimizer.

Tomer Dean 47:11

I think the fact that I'm also a developer, and that can actually implement these things. That is a multiplier. Another thing that I've been working hard, I don't think it's a natural thing. But I think you can learn it, is cold emailing, and communicating well, versus email on text. Because basically, every person in the world is accessible on email, especially executives. Every CEO pretty much reads every email in their inbox, they won't necessarily respond to everything, but they're going to read it, at least the subject line. So if you're good at cold emailing, you're unstoppable. Like, you may not get 100% success rate. But let's say you get 20% success rate on your cold emails, and slowly climbs to 50%. If you do you know, every day, if you send five good cold emails to people that can change your whole company. If they if they say yes, then you're eventually going to get lucky and leverage that. So I think that's something I'm very bullish on. But you know, it's a process, I've been studying it for five years. And I think now I'm okay at it. And what would be your kryptonite? That's a great question. My kryptonite will be processes that are very manual. I hate doing things with, you know, handling our finances, and making sure all the government's pension funds and everything all around the finance operations. When I have like a regular thing, regular thing I need to do, I very often kind of prefer to do other things. So that's something I always look to delegate outwards.

Ronen 48:52

If you can't optimize, it's annoying.

Tomer Dean 48:54

Yes.

Ronen 48:56

You can't get it better. It's a cap.

Noa Eshed 48:57

Tomer, before we let you go, I just want to if you can give us one pro tip for cold emailing,

Tomer Dean 49:03

Always, what's in it for me. Everyone is selfish today. Everyone's selfish with their time, make sure your email talks about them. And a very easy way to understanding for email is good at what's in it for me, is to print it out or mark it with a color. Everything that says I or we goes with a red color. Anything that says you or your goes in green. Color your whole email, and then you'll see if the email is green, it's probably good. If you're talking about yourself, our company does this, I can help you with this. We want 15 minutes of, to talk to you. It's a lot of it's about me and people don't care about you. They only care about themselves. So you make the email about them and their problems. You're gonna have a much easier time.

Noa Eshed 49:56

Brilliant and sounds like an overall great strategy for building a startup, based on.

Tomer Dean 50:01

It's gonna be a great title for the episode. "Nobody cares about you."

Noa Eshed 50:05

I agree. I mean, ouch. But yeah.

Ronen 50:07

That's kind of, you're an optimistic nice guy. I don't know if you want to be that dark, but it was it but it was really good take. I like that.

Noa Eshed 50:15

Yes. All right, folks, we'll leave you with that. Nobody cares about you. But we care a bit so at least there's that. Thank you so much, Tomer.

Tomer Dean 50:23

Thanks guys for having me. It was great.

Ronen 50:25

Thank you.

Noa Eshed 50:27

That's all for today's episode. We hope you enjoyed it. If you did, please consider subscribing to our podcast so you never miss an episode. Also, if you have a moment, we would really appreciate it if you could rate and review your podcasts on the platform you're listening to. This will help others find our show. And as always, if you know anyone who you think would enjoy our podcast, please share it with them. Thank you so much for listening. We'll be back as usual on the first of the month.