# Stanford eCorner

## From Entrepreneur to Investor

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**October 19, 2011**

**Video URL:** http://ecorner.stanford.edu/videos/2813/From-Entrepreneur-to-Investor

Entrepreneur and investor Brad Feld describes his path from starting his first successful technology company through its acquisition, and his subsequent transition into angel investing.

**Transcript**

But in 1985, I started a company called Feld Technologies and had a partner join me in 1987. That partner, a fellow named Dave Jilk and I invested 10 bucks in the company because that's all the money we had. We had 10 shares of stock, dollar a share, very, very complex deal that we did. And we proceeded the summer of 1987 to hire a bunch of people, maybe a half a dozen people, mostly students, and the first month after we started the company or he joined me as a partner we lost about $10,000. The second month we lost about the same amount of money and we realized we couldn't do that again because we didn't have any more money to lose because we'd lost money we didn't have. And so from that point forward the company was profitable and cash flow positive over its life which was about seven years. We built a nice company, 20 some odd people in Boston, again, entirely self funded. We did custom software for lots of small-medium size companies and some larger companies back at a time sort of pre-client server computing, pre-internet, pre-networking. Back when the idea of writing software for a PC was still something that was somewhat of a novelty and certainly doing any sort of business systems that were PC-based was unusual. In 1993, that company was acquired by a public company.

We were approached out of the blue by a company. We'd never thought about an exit strategy, we never thought about selling the company and after about six months of struggling, on even days I would want to sell the company and odd days I wouldn't and on Sundays I rested. After, I think, Dave finally got tired of my flip-flopping as to whether or not we wanted to sell the company we decided to sell the company. And we sold it for a couple of million bucks and ended up staying with this public company for relatively - for him a relatively short period of time, for me about a year and a half. At that company - it was the first time I was ever really introduced to any sort of transactional stuff. So up to that point I'd been running what was a medium pace growing, cash flow positive self funded business, I then was working with some people that were buying up companies like crazy. So we bought about 40 companies - the company that bought mine bought about 40 companies over a three year period. And I ended up being part of the technical deal team. So I started to understand how deals work because I was the guy that they would ship out before they do an acquisition when they're sort of in the negotiation process. And every company they acquired was fundamentally kind of a hardware sales company back when you could make money selling hardware.

But in that process they always had, every one of these companies had one or two software founders that thought that they had some really hot shit that was incredible. And my job was to go out and when I left they were supposed to feel like they didn't have any hot shit and that they were just sort of happy that they were going to get paid for their hardware sales business. And that was fun and I made some friends and probably some people didn't like me too much. As a result of it I also learned sort of in a large organization how to torture people, which became part of my job, which was sort of running around and dealing with some of the change that was happening within the computer industry in the early 90s and the most notable one that I remember was the shift from Novell Networking being sort of the dominant thing to Microsoft and NT starting to emerge as sort of network operating system combined with the shift from making all your money selling hardware and giving away the services for free to the flip where you essentially made no money on the hardware and you charge for your services. And for this company that bought all of these companies that dealt with this legacy approach, it was very, very difficult to make the shift. And I was in the middle of all that. The other thing that I did during this period of time, '94 to '96 was I started making angel investments. And I made about 30 or so angel investments with some of the money that I made from the sale of my company to AmeriData. And these angel investments were $25,000, $50,000 type of investments. I had a strategy, sort of a model where I'd invest the same amount in every company with the idea that I'd double down on it.

So I'd make a $25,000 investment thinking that I might have to make a $50,000 total investment before the company either failed or raised venture money, sort of went on to the next stage. And as part of this I was the founding entrepreneur and/or founding investor in a number of these companies. I was chairman of some of them, so I looked more like a founder than an angel investor, in other companies I was just an angel investor.