We had the great pleasure of speaking with Andrew Wilkinson, co-founder of Tiny Capital, based in Vancouver, British Columbia. Andrew also serves as a director of publicly held WeCommerce Holdings (Canada: WE).

Inspiration for our discussion was Andrew's tweet,

> "Entrepreneurship is just delegation.
> Investing is its most extreme form."

The quote aligns well with Andrew's experience as both entrepreneur and investor. The conversation touched on aspects of Andrew's journey, his management and investment philosophies, and his thoughts on topics including the Shopify ecosystem and the business of podcasting.

The following transcript has been edited for space and clarity.

John Mihaljevic: It is a pleasure to have Andrew Wilkinson with me for this conversation. Andrew runs Tiny Capital, best known now as the Berkshire Hathaway of the internet. Andrew, I remember when you penned "The Berkshire Hathaway of the Internet" some time ago, and it made so much sense. Here we are, and it's taking shape. I hear more and more folks referring to Tiny and what you guys are up to as pretty much what Berkshire was up to in their time. It's so great to have you with me for this conversation.

I contacted you because of a tweet in which you said entrepreneurship is just delegation. Investing is its most extreme form, and that rang a bell with me. It dovetails with the Buffett quote on being a better investor because he's a businessman and vice versa. This will surely be a wide-ranging conversation, but we'll touch on that as well. To start, please tell us what you've been up to lately with Tiny.

Andrew Wilkinson: Thank you so much for having me. It's so cool to be here. When I started reading about value investing in 2013 or so, one of the first books I picked up was *The Manual of Ideas*; this is a cool moment to be here and come full circle.

Mihaljevic: Your career in the internet and entrepreneurship is so well known, but I'm not sure everyone knows about your trajectory in investing and your interest in value investing in particular. How did that come about?

Wilkinson: It's an odd story. I'm not one of those kids who got obsessed with the stock market and horse betting when I was 10 or something like that. As a kid, I thought business and stocks were boring. I had no interest in them, but I had always been interested in technology. My family, we weren't poorly off, but my parents didn't have enough money to buy new computers and gadgets and all the stuff in which I was interested. I was always trying to find clever ways to make money teaching old people how to use computers and that kind of thing. I noticed these websites that reviewed tech products. It's just blogs and things like that. I realized various technology companies sent free products to the blog writers. I thought maybe I could build a website and get these companies to send me free

stuff. That sounded pretty good. I ended up starting a tech news site with a kid in Hawaii whom I had met in a chat room in 2001. I started emailing all these companies and saying I'd like to review their products. Within a few weeks, I had $5,000 worth of technology products that had been sent to my house, and I'd fallen in love. This was the greatest thing that had ever happened to anyone. The website ended up doing quite well and taking off. We had a ton of readers. We started breaking news. I started selling ads on the website, so I got my first taste of business at age 15 negotiating with Microsoft executives to do advertising deals for this website. Through it all, I got to have all these amazing experiences. I got to hire a team of writers. I got to negotiate deals. I got to travel to various Apple conferences and at one point, I got to interview Steve Jobs. I had this interesting early career, and this is all happening during high school.

When I graduated high school – I just barely graduated – I told my father I would keep doing this internet stuff, that I didn't want to go to university. My father totally flipped out, and he told me I absolutely had to go to school! I would end up a bum working in a gas station or something if I didn't. We debated it, and finally I ended up saying, "Look, Dad, I don't know what to go to school for. What do you think I should do?" He said, "Well, you're running this website. Maybe this is journalism. Why don't you go to journalism school?" I ended up going to Ryerson, which is one of the top journalism schools in Canada. Pretty much on day one I realized I was in the wrong place. I had no interest in learning how to write for a paper. As far as I was concerned, newspapers were dying, and the internet was the future. Within a few months, I dropped out and moved back home. I had an existential crisis at this point. I didn't know what to do. I had a lot of time on my hands. So I just started reading books, and I ended up picking up a book about Google. I became fascinated with Silicon Valley and startups and the web 2.0 movement happening down there.

I decided I wanted to move to Silicon Valley, but I was broke. I had given my website away, I spent all my money on school, and I was living in my parents' basement. To make enough money to move, I decided to start doing some freelance web design projects. I had become a reasonably good web designer and learned how to code a little bit. I started reaching out to Silicon Valley startups and just saying, "Look, I've got a design agency, and I'd love to help you design your startup. Maybe I can help with your marketing site or with your web app or something like that." To my surprise, within a few months I was making like $40,000 or $50,000 a month. I just managed to find an interesting niche. All these companies needed help, and nobody was offering them the right help. I had struck on something. I quickly gave up my idea of moving down there. I just started hiring people up in Canada where I lived, and I turned that into the design agency I still own, my original business, MetaLab. MetaLab ended up getting clients like Apple, Google, Slack, Coinbase, and many businesses that have now turned into billion-dollar unicorns or sold for billions of dollars.

I got to watch all that happen from the sidelines and worked with many of those companies, which was a great experience. But I had a problem. I had a profitable business, which is a good problem to have. But what to do with the profits was always a bit of a challenge. Initially, I took the profits and started two SaaS software businesses to help me run my own business with project management software, invoicing, and time tracking software. But at a certain point, I realized I couldn't just keep starting businesses. I started a variety of them.

By about 2013, I was quite miserable. I was running five businesses myself. I had over 100 employees. Even though I was making more money than I ever thought I would, I wasn't happy. I was pouring my heart out to a friend. We were on a walk, and my friend stops me on the trail and he goes, "You need to stop complaining and you need to read about this guy, Warren Buffett. He has over 100 businesses, and he just sits in his office reading all day. You've got to figure out what he's doing." To be honest, I'd had heard Warren Buffett's name, but I always thought he was a boring traditional business guy. I didn't understand how the stock market worked or how he invested or anything.

That evening, I picked up *The Making of an American Capitalist*, the Roger Lowenstein biography of Buffett. It just absolutely blew my mind, the idea that he could have so many businesses and yet not have a calendar while ultimately delegating the operations of all of them and just focus on incentives and buying great businesses. What I ended up doing was to stop. I stopped starting new businesses, and instead I replaced myself in all my existing businesses by hiring CEOs to run all of them. I noticed all the businesses did better as soon as I got myself out of them. I felt I had been holding them back and I wasn't good at that stage of growth. Then I started buying wonderful internet businesses. A lot of people think of internet businesses as venture-backed startups that raise a ton of capital. But I realized there were many entrepreneurs like me who had quietly built multimillion-dollar profitable internet businesses without raising venture capital. Those were the people I wanted to talk to. I knew there was little attention paid to those businesses, and I knew what those founders wanted.

At the end of the day, I experienced tons of private equity interest in my business, and this horrible process that I was always taken through. Over the years, I've been approached by many private equity firms. Typically, the process was a miserable three- to six-month ordeal where they would tell me one number at the beginning. Then, it would end up being a horrible earnout structure and a cultural mismatch and all sorts of other stuff. I was looking at Buffett and thinking, "Buffett seems to do deals in two to four weeks by being upfront and straightforward. I should just do the same thing for all these great founders." So I started doing that. That resonated with founders, and we were able to buy a ton of great businesses. We did exactly what Berkshire does. We do deals in less than 30 days. We don't participate in competitive processes. We leave the founder to run the business if they want to. If not, we work with them to hire management. We just focus on incentives, capital allocation, and net new M&A up at the head office level.

I've been doing that for seven years, and now we have over 30 profitable internet businesses. It's just me and my business partner who own the business, and we even have a public company. We just took one of our companies public in December. It's been a wild ride, and it's a lot of fun. I get to do it from Victoria, Canada, dress like a schmo, and have a nice quiet life up here. I enjoy it.

Mihaljevic: What a wonderful story. You've carved out a unique path for yourself. Maybe it's better that you never went down to Silicon Valley because who knows what that influence might have been. It seems like the folks I know either go straight into internet companies, hedge funds, or VC, and they all have their set ways of doing things. But you

have gone after a niche of the market and correctly identified that niche of entrepreneurs that doesn't want to go through that process with VCs; they don't want to try to get huge overnight-and-spend money and then lose the money in hopes of making it big. A lot of folks are content to run cash flowing businesses as you did. I'm curious what the pipeline looks like for you. Has it grown much as your profile has grown in the community?

Wilkinson: Yes. Someone asked me this morning, "Where do the deals come from?" Most private equity firms are faceless. You go to their website and it's a photo of a skyscraper or something cheesy like that. They're almost all designed to appeal to the LPs of the private equity firm. It presents everything in a way that uses the language of Wall Street or investing. We saw an opportunity in that. We realized that when we were approached by these private equity firms. We'd go to their website and ask, "What is an LP? What is AUM? What's EBITDA? What are all these terms? They don't mean anything to me." We've taken the opposite approach of saying Tiny was a response to those private equity firms and us saying, "We'll just do this ourselves because no one else is doing it." It's by founders for founders. We speak plainly. You could read our website as a layman who doesn't understand finance at all and it would make perfect sense.

That in and of itself has positioned us to be different. Even though we're doing the same thing in some ways in that we're buying these businesses and focusing on profits and stuff like that, we've branded ourselves in a different way. It's just been an exercise of speaking publicly, going on Twitter and sharing what we're doing, doing podcast interviews like this, and hoping that over time, more and more founders hear about us and say, "This sounds good." There's a reason Warren Buffett is one of the most successful investors of all time, but few people have copied Berkshire. They probably haven't copied Berkshire because it takes a lot of patience. You also need permanent capital. Those were two things we had in spades and we were uniquely positioned to do. So while it's not a guaranteed moat over the long term, it's enabled us to be much more patient and position ourselves as the acquirer of choice because we don't have to drive people through a complex three- to six-month process. We can decide in two weeks and get a deal done, and leave people alone, and operate in a unique way.

Mihaljevic: It sounds like it's not entirely opportunistic in terms of what comes in. You have some big theses on the internet or perhaps companies that you already have in the portfolio or that you've seen work, and you try to acquire around those whenever possible. What comes to mind for me is the area of podcasting, broadly defined, and then second, the Shopify ecosystem, which is where WeCommerce fits in – this is the company you successfully took public recently.

Wilkinson: I always like to joke that we like to buy businesses that are similar to New Zealand. By that I mean great businesses located in the middle of nowhere. Nobody's paying attention to them. There's not a ton of VC focus on the area. Maybe it's not a massive total addressable market, but it's big enough. We look for businesses that are quietly successful and profitable, just off doing something in a niche. They're food- and energy-independent. By that I mean there's no middleman. There's no Google or Facebook that can put you out of business tomorrow. There's no algorithm that can cut you out. Let's say you have a big

Twitter following. That's great, but it's better to have an email following because you can always reach your customer. Twitter can always de-platform you. They can change their algorithm. Things can be messed up, ads can appear, and so on. Then finally, we like to buy businesses away from nuclear war so they can withstand the test of time. They don't need to compete with venture-backed businesses with unlimited money.

Within those themes – those are the high-level filters – we have various verticals we're interested in, and they just come out of things we understand or we think are simple. Though the one piece of DNA that flows through all of our businesses is that they're well-designed, thoughtful products. That just comes out of our DNA as a company coming out of a design agency. We know how to spot those things. Generally, if you have an exceptional product everything else is easy. If you have exceptional marketing but a horrible product, it doesn't work. Or if you have exceptional sales but a bad product, it doesn't work. We focus on things with great products and magnify them. Our portfolio is quite broad. We own everything from digital agencies to Shopify apps to meal planning apps to remote job boards. In all of them, we just need to ask, "Can I explain this to my mother?" Or is it defensible over the long term? Or is this something that can be driven out of business with a single Google algorithm change or something?

Mihaljevic: You mentioned you take on all comers, if you will, in terms of the founders' preference for staying on or not. How have you been so able to bring in the right people and scale that piece of it? I'd imagine it's not so easy these days to find the right people and incentivize them properly. It sounds like as Tiny grows, the need for having capable, driven folks that want to take on these challenges or projects or companies – it just grows. I'd love a little bit of perspective on that front.

Wilkinson: Given the businesses we buy are generally already at scale, there's a whole world of executives out there who – maybe they're a CEO, COO, or a VP-level person in a private equity-owned or venture-backed business. There's this big world of executives capable of scaling businesses like these. When we talk to people, they're faced with choices. They can go to a venture-backed business, and they have extremely high upside but extreme risk. Ninety percent of stock options expire worthless, and they get lower pay upfront. Or they can go to a large corporation like Facebook or Google and make a good life with limited upside. Or they can go to a private equity-backed business and have moderate to good upside, but they'll have to go through a lot of pain. Either they'll need to come in and aggressively restructure a business or aggressively scale to an exit. Then once they go through an exit, they'll have a new owner, and that's just so unpredictable. Private equity generally sells in two to four years. For us, we get to go to them and say, "You have a high upside. You have an incredible guaranteed salary variable, and you potentially have a stock component if it makes sense. We'll be completely hands-off, and you get complete control of your business. We'll promise to hold it for the long term, for decades."

People get a mix of the best of all worlds with us, so we're able to attract some pretty incredible talent as a result of that. Certainly, our public profile and reputation help. We have new potential CEO candidates emailing us every day, and we have a large database of them. We're lucky in that regard. The hardest part of what I do is to choose the right

jockeys. You must hire great people to run great businesses. Otherwise, they sour. We spend a lot of time on that.

Mihaljevic: Going back to that quote we started with on delegation, I'd be curious, now that you've delegated so much, what do you focus on? Where would you like to go in terms of how your focus or time allocation might evolve?

Wilkinson: It's been interesting. When I first started delegating to CEOs, I hired some wrong people to run the businesses; it didn't go well at first. Like anything you do for the first time, there was a lot of learning and pain in going through that and getting back on the horse. The other struggle I had when I started delegating was that I would wake up in the morning and I didn't have any emails, I didn't have anyone bugging me. That's probably an addiction for a lot of entrepreneurs. It makes them feel busy and useful. Consequently, there was a whole period of recalibration where I'm generally going through periods of extreme calm where we have the right people in the right seats, and the businesses are all doing well, and there are no major M&A deals happening. Then suddenly, we'll go through periods where we outgrow an executive, a business goes through a struggle, or a big deal pops up, and we have periods of extreme activity. We recently went through a period of extreme activity. We IPO-ed a business. We went through COVID. All sorts of crazy stuff happened this year, and now it feels like we're back in a calm.

But most of my time is spent reviewing the results. I look monthly at all the businesses and then speak to the CEOs as they have questions or issues that come up where they want our opinion. From there, it's just approving large expenditures, bolt-on acquisitions, as well as deals. The way we've structured the business is that we have one of our – Chris and I are the original founding partners, and then we have a third partner, Jeremy. Jeremy runs all the M&A. We're only seeing a deal once it's fully formed and going to happen, which has been great. That's insulated us from a lot of that stuff. But the challenge we've had at this scale is that with 30 businesses and so many CEOs, we're starting to have to break the business into platforms, similar to how Berkshire might do with energy or with railway or insurance. We're going through that growing pain now of having to structure the businesses into platforms just so we don't have so many direct reports.

Mihaljevic: Buffett refers to his job as capital allocation. That sounds quite similar to what you do. To what extent are you willing to tell one of your portfolio companies, "Hey, the opportunity is so huge. Take all the cash and reinvest it in the business even through the income statement." In other words, to maybe not have cash flowing to you, but to even receive additional capital into the business.

Wilkinson: Our capital allocation strategy is quite simple. If there's an opportunity to buy a dollar for $0.50 within the business – what I mean by that is if we can spend $1 million on Facebook ads and get $1.5 million back in three months, we'll always encourage the CEOs to do that. Or we'll encourage them if there's an accretive acquisition or something beneath them. From there, if we can buy back shares at a discount to intrinsic value – let's say there's a minority shareholder or the founder wants to take shares off the table or something like that – we would always prioritize that. Then third, it would be dividended up to head office. Typically, we dividend most of our free cash flow up to head office because

those opportunities are few and far between. But if a business is a compounder and can profitably reinvest in itself, we’ll always leave as much cash as they need within the business. This is the classic tradeoff of you going to a Dairy Queen these days and they’re not looking too hot. I would assume Buffett has done the math and realized he can allocate that capital elsewhere. Occasionally, you do miss opportunities to improve the businesses or you don’t meet the true potential of the businesses, and that’s a difficult judgment call we must make.

Mihaljevic: You talked about having platforms and I assume WeCommerce would qualify as a platform in the Shopify space. Now that it’s public, are you doing anything differently there in terms of how you look at that piece of it? Is that now more autonomous within your ecosystem?

Wilkinson: Totally. We look at it more as we’re the largest shareholder in that business. We expect to be in it for a long time. My business partner, Chris, is the CEO, so we’re hands-on with that. But it’s separate in that it has its own CFO, its own finance team, and its own M&A team. It’s really its own thing. It could get sold tomorrow to somebody, or Tiny could disappear out of the equation for six months and it would continue to operate and be fully separate. I can’t say that about all our platforms. There are ones that are much more integrated into head office, but it’s the most separate. Just the nature of having a public company, we can’t have people at head office aware of everything that’s happening in there just because of insider info and stuff.

Mihaljevic: When it comes to, say, new ideas, are you open to funding somebody to take an idea and essentially start a business from scratch? Or do you prefer more fully formed businesses with revenue streams and established customer bases?

Wilkinson: I love buying pre-established businesses. I enjoy scaling and remixing businesses. I like taking an existing thing, editing it and tweaking it, and making it even better. It’s my preference, always, to buy something that’s already been molded into something we can scale. But at the same time, I’m an entrepreneur. I started a lot of businesses, and I still enjoy that and have that muscle. I view that as a hobby now. Over the last couple of years, I started a variety of small businesses that have just been ideas I’ve had or things I wanted to pursue. I look at those as just throw away, right? It’s something I’d love to see happen. If I can find somebody passionate about it to partner with, I’ll do it and I’ll back them. If it turns into something great or if it doesn’t, that’s okay., But it’s not our primary business. That’s more just something I do to have a bit of fun and stay busy.

Mihaljevic: When you’re looking at an established business, how do you think about the financial returns that are required for you to make the acquisition?

Wilkinson: I didn’t start out in finance, so while I’ve learned how to do DCFs and all that stuff, I don’t think about that a lot. I generally think the best investments can be figured out in your head or on a napkin, and they should slap you in the face. Whenever I buy a business, I’m generally looking for a business capable of repaying my initial investment within five years. That means either I’m buying the business at a low multiple of earnings or I’m buying a business with either a lot of potential for earnings or a lot of growth. That

could mean I'm paying 15x EBITDA, but I believe I can double or triple EBITDA within a few years. Or it could mean we're buying a distressed asset with strong earnings we think can continue for seven or eight years. It really depends on the businesses. We're going through the classic evolution of a value investor where, in the beginning, you get excited about net-nets and cigar butts. Then over time, you realize the joys of exceptional brands, great businesses, and moats. We're learning. Over time, we've bought some cigar butts and done well on them. We've also bought some cigar butts that turned into beautiful cigars. We didn't realize a Cuban cigar was hiding within. But even so, those are always a lot more work and a lot more pain, so we're moving toward buying compounders and businesses that can exist for decades.

Mihaljevic: How do you think about culture at your portfolio companies? Does each come with its own culture? Or is there a tiny culture you try to imbue into them?

Wilkinson: We've always had this idea of autonomy. I hated having a job, and the main thing I hated about having a job was showing up at a certain time and clocking in and this idea of a workday having to be eight hours to produce x amount of work. When I started my companies, I always said you can work from anywhere you want remotely. You can work when you want. I don't care how many hours a day you work as long as you're doing good work and you're a positive contributor to the culture. That served us well, and it seemed to be a long-term competitive advantage at least up until COVID because people loved that level of autonomy and freedom. We try to encourage all our businesses to follow that same approach. Generally, we're buying remote first or decentralized businesses, but each business is different. Some CEOs like to run a tight ship where they have daily check-ins with their whole team and operate a certain way, particularly key performance indicator-driven. Others prefer something more freewheeling. We leave each business to be what it is. One of our core commitments when we buy a business is to try to keep the DNA intact. That doesn't mean we won't grow it. That doesn't mean we won't change the business, but we try to keep the founder's original culture intact and leave it alone. We don't enforce any culture across all the businesses.

Mihaljevic: Often, there's this debate or discussion around execution versus strategy and what matters more. What's your experience in terms of the businesses in the Tiny portfolio? Where's the biggest lever in your mind to value creation?

Wilkinson: Typically, when you buy a business from a founder, they are – at least the businesses we've tended to buy – started by people who are product focused. Speaking as a product-focused CEO originally, the lens through which I would view growth would always be another feature, or when we release this new product, we'll grow, or whatever it is, always driven by creating the best possible product. That kernel is incredibly important. Without that, you don't have a business. You need an exceptional product. What I've also realized is that if a tree falls in the forest and nobody's around to hear it, it doesn't really matter. So often, when we buy these businesses, there's an opportunity to implement best practices in terms of marketing, sales, and growth strategy. We've seen in many of our acquired businesses that the product-focused founders didn't want to pursue those strategies simply because they didn't know they could do it in a pain-free way. They always

viewed it as this new thing they had to learn, or it just wasn't the way they thought, or they didn't want to manage a sales team, or they didn't want to risk the money on advertising, or whatever it was. That's been a big lever for us to grow many of the businesses we've acquired.

At the same time, founders like shiny objects. I'm the same way. I always got excited about a new objective or a new project, and I had trouble with follow through. Sometimes, bringing someone in who's just a steady hand on the tiller who can focus on the core metrics and growing year over year can do great things within the business. I always like to say there are four types of entrepreneurs. There's the person who invents the burrito, the true innovator. Then there's the person who starts Chipotle. Then there's the person who scales Chipotle. And finally, there's the person who stabilizes and runs Chipotle as it slowly grows over time. Each of those is a different persona. So often, it's taking an innovator or the founder and saying, "Great, this is an exceptional business. You've gotten it to this great level. We're going to do that next phase of growth," and that's a whole different skillset.

Mihaljevic: Is it fair to say that usually a different persona means a different person? Or have you found entrepreneurs who can go through those personas and grow themselves as leaders?

Wilkinson: Speaking from experience for myself, I know all of these things now. I know all of the growth levers, I know the best practices. But put me in a business and I will still focus on product. I will still focus on shiny objects. That's just my personality. Becoming an investor was me taking the yoke off my neck and saying I'm going to stop beating myself up for not being better at follow through, and growth, and the steady Eddy day-to-day operations of business, and I'm going to embrace the fact that's something someone else should do. I should find someone who loves that phase of business, and I should hire and incentivize them to go do it. It's a win-win because they love doing it and I love not doing it.

Mihaljevic: It's fascinating. You talk about product, and I've felt this way as well. In so many companies, it would almost work better if it was a marriage of two companies, one being the product or the vertical competency, and then the other just all these horizontal competencies that are just required for doing business online like marketing on Google, social media, and all of this. How does it work in practice? Within Tiny, are those horizontal competencies? Are those typically within Tiny and you bring them to bear on the companies that need that help? Or do you try to bring that into the companies and have it resident there?

Wilkinson: I think that synergy is how conglomerates die. My business partner and I got to have dinner with Charlie Munger along with a few other value investors two summers ago, and one of the questions we asked him is, do you ever synergize? Do you ever jump in? Do you ever elbow your CEO and say you need to go and do this? At the time, we were tempted by synergy. An example is almost all our businesses are digital, and they all use Amazon S3 and EC2 and stuff for hosting. We started going, oh, we should take all the businesses and we should run a procurement process where we negotiate with Amazon directly because it's a large expense line item, same with stripe, same with cellphone providers. There are always opportunities like that. So when we asked Munger that, he said, "Look, if I could be

dictator for a day, I could jump into any one of our businesses and I could probably increase free cash flow by hundreds of millions of dollars with one fell swoop, with simple things. But I don't because then your CEOs lose trust." The most important thing when you're running a conglomerate is having your CEOs trust, believing they have full autonomy, believing they can make their own mistakes, and trusting you're only there when asked. After we had that conversation, we spoke to many other people who run conglomerates. We've moved away from that. We've spun up businesses where there have been opportunities that we see within the businesses.

My business partner and I used to be maniacal negotiators. Being up in Canada, we had no access to capital. Our P&L was how we lived and died. When we bought office furniture, coffee beans, you name it, we negotiated everything. As we got busier and busier, the scope of the number of things we could negotiate became smaller. Things had to be a $1 million deal or a $1 million opportunity for us to negotiate it. We realized you can't incentivize negotiation. It's difficult to have a lower-level employee do a difficult negotiation. It's a specialized skill. Instead of going across all our businesses and doing these collective negotiations, we started a business called "Buyer." We had a young guy whom we knew socially who loved to negotiate, and we started giving him small tasks where we would say, "Hey, this business is buying x product. Can you go and negotiate it?" Over and over again, he proved he was a strong negotiator. Then we created a business, Buyer, which is negotiation as a service. Any company outside of Tiny or within Tiny can go to him and say, "We have 1,000 Slack users. Can you reach out to Slack and negotiate us a better deal?" Or, "We're doing a lease negotiation, and I need you to negotiate our office lease," and he takes a fee of whatever it is. That negotiating business lives or dies on its own. We don't force any of the Tiny companies to work with it. We've introduced them to him, but they're free to use him or not use him, and we don't bother them about it. At the end of the day, he, as CEO of that business, has his own P&L and he needs to drive revenue. If he can work with an external company versus a Tiny company, it's irrelevant to him. He just wants to run a good business. That's been our dipping of toes into the synergy lake, but we've been extremely careful with it. Ask me in two years whether it's successful.

Mihaljevic: That's a great perspective. Now that you've studied Buffett and you have a portfolio of companies in the private space – but now that you've also, with WeCommerce, gone public with a company – I'd love it if you could talk about how you view private versus public investing in terms of the opportunities, but also perhaps the different mentality that's required and where you personally have more passion.

Wilkinson: The best part about owning private businesses is you can't panic-sell; there's no ability to see a crazy ticker price and sell out of your position. In many of our businesses, especially before I understood investing and the true value of what I owned, I easily could have panic-sold. Therefore, having private businesses is highly beneficial; there's no Mr. Market screaming at you. Even Buffett uses an example of a farm and looky loos poking their head over and yelling prices at you. When you're in a private business, you get the looky loos. But unless you let them in to do analysis on your farm, they won't provide you a price. It allows you an independence of thought and to decide every day whether you want to own it. But if you did decide to sell, it's a three- to six-month process and highly unlikely

to go. There's a lot of benefit to owning private businesses. It forces you to focus on the business you own and have a long-term mindset.

On the flip side, going public is exciting if you have a large opportunity that needs access to capital because the access to capital in public markets is unparalleled. Your ability to quickly raise debt or equity or issue stock, or to buy back stock when it's undervalued is exciting. At the end of the day, if you're a capital allocator, it's hard not to get excited about the public markets in that way. We are still undecided whether we'll take future businesses public. This is an experiment for us, and we'll have a better picture of our opinion in, say, a year. That said, despite the process being quite tiring and frustrating at times to get public, we enjoy the process of being public.

Mihaljevic: The world has moved beyond Silicon Valley, thankfully. You're a testament to that. I'm wondering, within your process, do you have any preferred geographies for your companies or potential investee companies, or any places you wouldn't look at?

Wilkinson: I generally just want to buy businesses from trustworthy people in good countries with good rule of law. I don't want to be buying bizarre cypress companies from sketchy people, but I'm happy to buy a business or buy the assets of a business anywhere in the world and move them to Canada. At the end of the day, it just comes down to any legal risk. If someone were based in the Congo and I buy their business, I need to trust that a court there would verify that, yes, I indeed bought it, or I'm entitled to the IP. That's the only caveat, but we'll look anywhere in the world.

Mihaljevic: The name Tiny might be appropriate for how it started, but at some point the name doesn't fit the scope of your activities. How do you look at the long-term evolution and where you want Tiny to go over time?

Wilkinson: We chose the name Tiny because we thought it was funny. All these private equity firms have these intense names, like Blackstone, or BlackRock, or Cyrus, or whatever name that sounds quite intimidating. When we came up with the name Tiny, we thought it was funny, and we thought it was humble. I think at the end of the day, we always want to act like we're tiny even if we're big. The name has worked out well for us in that way. In terms of our goals, I don't think too much about long-term goals. I've learned that every time I predict what I'm going to want or where I think I might be in five years, it's been highly inaccurate. We do want to own better and better businesses over time, and we want to continue to compound the ones we already have. I will be happy if I'm working with exceptional, smart, ethical people and still working on interesting problems in five years. We're at the scale where it doesn't matter if we're worth $2 billion or $20 billion. As long as Chris and I are enjoying our days, our CEOs are happy, and our employees are happy, then I'm happy. I don't know where we'll end up or what we'll do, but we're enjoying it right now.

Mihaljevic: In case any entrepreneurs are listening to this who might be considering selling or partially selling their business, I'd like to push back just a little on this notion of how simple it is to close a deal. It sounds almost unbelievable. I went through some venture funding in 2000. We were assured it would be simple. But as you rightfully said, at some point the terms suddenly changed. There are always surprises. Tell us a bit more about how

you manage to keep the process so simple. If a founder is serious about reaching out, would they have other entrepreneurs to talk to as case studies?

Wilkinson: We have focused on being blunt. One of the things I found incredibly frustrating about the private equity process is that I'd get a firm that would reach out, I would email them back and say, "Hey, I would be open to selling. This is my revenue. This is my profit. Here's my business model. Here's my three-year growth. Give me a rough estimation. How much would you pay for my business?" They would always say, "Oh, let's get on the phone." So I'd get on the phone and I wouldn't know who I'm talking to but it's always some junior person. They're in the boiler room collecting leads. Then I'd do another phone call, and that would be with a more senior person. Then I'd do another call, and that would be with a partner. Then finally, maybe two months later, they would say, "Here's our number." Most of the time, the number wouldn't even be interesting and I would just feel like I've wasted two months of my life. Then if the number was interesting, I'd get into a purchase and sale and go through diligence. Again, it would always get drawn out and a bunch of terms would be added.

When someone emails us, our whole M&A team literally tells them, "Okay, look, if you can tell us these five things,…" and it's typically revenue, earnings margin, and some historicals. We ask if they want to stay or go, and we will give them an indication of our price within 48 hours. If it doesn't make sense, that's totally fine. We usually put our best foot forward. We don't like to negotiate or anchor anything. We just tell people what we would pay. Then if they are interested, we move as quickly as the founder can. The reason we're able to do that is that most of the businesses that we buy are easy to diligence. Most of them are internet-based, they have small teams, and they use products like Stripe to do all their credit card billing. For us, there are two big filters. One is qualitative. Is this a good person? Do they have a good reputation? Is the business doing something positive in the world? What's the team like? The rest of it is a question about whether the numbers are what they say they are. That's simple. We can typically validate that within a couple of days using Stripe and publicly available information. Because these businesses are so simple, we've done deals in as little as two weeks. When the deals take longer, it's usually because lawyers get involved and founders want more diligence on their side or they want to move a little slower. Sometimes, these deals will take two or three months. But generally, it's founder-directed. If the founder's in a rush, we'll move as quickly as possible. If the founder wants to get to know us more and go on a couple of dates, then we'll do that too. We have many founders who have sold to us, and they're right on our website. We have all sorts of positive testimonials, but we are always happy to introduce people to founders who have sold to us before.

Mihaljevic: Do you prefer it when founders stay on? I'm going back to your comment on the various personas and how maybe a founder did a great job taking a business to where it is and he might want to continue. But in your view, you could take the business to another level with somebody else.

Wilkinson: It depends on who the founder is and whether they'll continue to be a shareholder. We've done deals where we buy, say, 40% to 60% of a business and keep the

founder with a large percentage of equity. They want to keep running the business for 5 or 10 years, but they just want a bit of liquidity and take some chips off the table. We love that. If the founder is smart, they're doing a great job, and their team likes them, that's awesome. Those are probably a minority of the deals we do. A lot of founders come to us and say, "I'm 8 or 10 years into my business. I'm exhausted. I feel like I can't take a vacation." Or, "I have a new product idea. Look, I want to sell you guys 80%. I'll keep 20%. I'll advise on the business passively. I'll work with you to hire a new CEO. But I just don't want to be the person anymore. I can't be the single breakpoint on this business." Because of the way we approach that, people come to us for that knowing we'll hold their business, their team won't hate them for doing it, and we're happy to have them leave if that's what they want. We're flexible in that regard.

Mihaljevic: What is your current sweet spot size for deals either in terms of revenue or deal value?

Wilkinson: Generally, we like to see a business with at least $500,000 in net profit after tax, but we prefer much larger businesses. If someone's got a business with $5 million or $10 million of net profit, then that's attractive to us. We would prefer to do two or three big deals a year versus 12 small deals, but it depends on what we're seeing and what opportunities present. In various years, we'll buy quite small and do some small deals. In other years, we'll do some big ones. It depends on what we see.

Mihaljevic: In terms of where you see the opportunities in the future, do you have a view on the evolution of the internet and business models there and any places that you'd love to invest but haven't gotten to do so yet?

Wilkinson: The biggest business model shift we're excited about is in podcasting. I wrote an article about a year and a half ago about subscription podcasting. Podcasting is probably in the web 1.0 stage of development; it's in the 1990s startup world now, it's all about listeners and how many ads you can sell. Through helping a friend monetize his podcast, I learned you can build incredible recurring revenue businesses using subscription podcasting. By that I mean if you want to, you can sell ads on your podcast. But for your true fans, they're willing to pay you money monthly to have extra episodes. They're willing to pay for early access to episodes, or do ask-me-anythings or whatever it is, finding exclusive content you can sell them. I use the example of Howard Stern. I said Howard Stern needed to go to Sirius 15 years ago and do that deal because he didn't have satellite infrastructure and radio antennas. The distribution wasn't free. But now the distribution is free, and Howard Stern should start a subscription podcast where every episode comes out in the public feed for free, and they get the first 15 minutes for free. If you want to keep listening after 15 minutes, you must pay him 19 bucks a month or whatever it is Sirius charges. He should be able to fully cut out the middleman.

I feel a little bit like I'm taking crazy pills because I see all these podcasters and they're a little bit like farmers farming their fields. They're selling corn and making $100,000 a year. But there's a $10 million payload of oil beneath their fields. I'm saying you need to put oil derricks in, and there are all these ways to extract value. There will be a big shift.

We started a business in this space about a year ago called Supercast which helps podcasters do this. We're absolutely blown away by how much money these podcasters are making. The most exciting part is that it's not from advertising revenue. No ad agency middleman is taking a big cut. You're not selling out. These are your listeners paying you monthly, like a SaaS business recurring. We're looking for interesting ways we can invest in that ecosystem outside of Supercast or as part of Supercast. I'm incredibly excited about that. Like everybody else, I think the writing's on the wall with e-commerce. We think e-commerce is set to double over the next 10 years, maybe more. As e-commerce grows, Shopify will grow, and we have a variety of quite dominant businesses in that ecosystem. So we're making a long-term bet on Shopify as well.

Mihaljevic: When it comes to podcasting, how do you think about investing in tools for podcasting versus actual content or actual subscription-based podcasts?

Wilkinson: I think the best businesses often sell pickaxes, especially in a gold rush. We'd like to be the infrastructure to accomplish this. Supercast enables anyone to start a subscription podcast and provides the technology and plumbing to do that. But brands are incredible moats, and if someone like Howard Stern, Conan O'Brien, or Marc Maron came to us and said, "Hey, I want to cut a deal. De-risk me. Give me a serious ask deal and we'll do a revenue share or something," we would certainly look at that. The challenges of that are, as most people know, that famous, successful people are difficult to do deals with. It's a lot of wrestling to get something like that over the line, but we'd certainly be open to it. For now, we're saying we'd rather own the infrastructure and enable this.

Mihaljevic: I believe you also opined on the Joe Rogan deal with Spotify, perhaps along similar lines as what you just said about Howard Stern. It's so fascinating because we're still early in figuring out the economics and how much people like Joe Rogan can earn. But tell us briefly why you were so adamant that he left money on the table.

Wilkinson: Joe Rogan is the modern version of Seinfeld or Friends. It's the only thing there's a zeitgeist around. When you think about who has an audience that big these days, there's a small number of people. From my understanding, he did a deal worth somewhere in the neighborhood of $100 million to $200 million. I don't know the specifics of it, but what I fear he's done, regardless of whether it's a good deal financially, is to lose access to his own listeners. Before, what was so beautiful about Joe Rogan's business model was he was using open standards and Apple podcasts and Google podcasts and stuff; he owned the feed. When somebody subscribed, he had a direct relationship with them. He could send them any content he wanted to send. I fear people go on Spotify – they have to go on Spotify to listen to him now. Now when they subscribe to Rogan, if he ever breaks his contract and leaves Spotify, he's lost all his future growth and all of his past growth. All the growth is all gone from the time he moved to Spotify. I thought that was a foolish thing to do. His deal is likely based on the amount of ad revenue he was making, but I don't think it factors in membership revenue. Spotify is smart enough to realize that they say, "Look, you take the ad revenue. We don't care about that." Or, "We'll sell the ad revenue," but how many Spotify memberships are due to Rogan moving over? I'm sure it's a staggeringly large number. It was probably a bad deal. Even if it's financially a great deal for him and he may

never have optimized his business to make that much money, he sold something incredibly valuable to them that he probably shouldn't have.

Mihaljevic: Do you feel Spotify is breaking podcasting as we know it? Or should we just get over it and realize that's the evolution of this space?

Wilkinson: That's a challenging question. The sooner podcasters realize how much money they can make, the better. The interesting thing about podcasting is that unlike movies or TV shows where at the end of the day, you need deep-pocketed studios to pay the production cost and then get the exclusivity – with podcasting, you just need 500 bucks worth of equipment and a computer and you can produce the Joe Rogan show or similar quality. At the end of the day, it makes the most sense for that to be a free and open standard. You don't need people with deep pockets to fund those things unless you're doing intense true crime stuff that requires a lot of editing and production. I don't know how it will play out. So far, what I've seen in my own behavior is Joe Rogan went behind the Spotify paywall and I just stopped listening to Joe Rogan because I forgot about it because I don't want to have to remember to open Spotify whenever I listen to Joe Rogan. I don't know how successful that will be over the long term. At the end of the day, this is just so cheap to produce that, like blogging – it's like the argument around when bloggers popped up and then people started creating blog rings or membership blogs or whatever. This content is cheap to produce. There's always more of it. The majority of it will remain free or get monetized by the podcasters themselves.

Mihaljevic: It seems like there's such value to anything truly unique. As you say, so many blogs out there, so many podcasts, and a lot of them are just interchangeable. People will not sign up for Spotify just to listen to some podcast. But do you agree for those that are truly unique, the value is in the stratosphere?

Wilkinson: It's staggering. Imagine if David Letterman could just do his show by himself completely. He wouldn't need NBC. You just think about what a franchise like that is worth. Going back to my reference of Seinfeld or Friends, if Jerry Seinfeld could perform the entire Seinfeld show himself and distributed it himself, what's the revenue? What revenue were they doing per episode for Seinfeld? I think that's the level of opportunity for these big podcasters. People see the statistics. It was McKinsey or someone who released a report that said the entire global podcast industry only did $600 million of revenue one or two years ago. That hides the total addressable market size because of the business models and the lack of maturity within it.

Mihaljevic: This has been a fascinating discussion. I encourage our listeners to check out Tiny Capital at tinycapital.com and follow you on Twitter, which I do and always enjoy your tweets. I've learned a ton. Andrew, thank you so much. Looking forward to tracking the evolution and growth of Tiny.

Andrew Wilkinson is a co-founder of Tiny Capital, based in Vancouver, British Columbia. In 2006, Andrew founded MetaLab Design, one of the world's top design agencies. After rapid growth, he used the profits to diversify into a variety of businesses, which today form Tiny. Andrew has gone from working out of his apartment just over a decade ago, to overseeing a group of companies with more than 300 employees and tens of millions in revenue. Andrew is a major shareholder and serves as a director of WeCommerce, a holding company that owns a family of companies and brands in the Shopify partner ecosystem. WeCommerce went public in December 2020 and trades on the TSX Venture Exchange under the symbol WE.