



Jake 00:00

Hey thank you, David and Danielle, for joining me on the show today, I really appreciate you taking the time. And I've been looking forward to this conversation for a while. You guys are a couple of futurists. Well, first of all your brothers, your futurists, your serial entrepreneurs, investors, most recently spent a few years at snap, working on some of the stuff that Snapchat after they acquired your previous company. And you guys are up to all sorts of stuff you work with two of your sisters, where you have a holding company called Lieberman's CO, and I've got a company called product science and other one called humanism. And it's sort of too complex for an intro, but we're gonna dig into all of this stuff later in the conversation. But to get started, for those who don't know, you, or any of these companies, or anything like that, we'd love to hear sort of you guys tell your story from you know, as early as you're willing to start to where you are today, and some of the decisions you made along the way. And I should say this is actually, you know, a pretty special episode is the first time I've had two guests on for, you know, instead of a one on one interview, and it's fitting, because you guys are basically like one person together, so kinda kind of works out. So I'm looking forward to hearing the story. And we'll go from there

Daniil Liberman 01:24

as one person who will from time to time interrupt each other. So hope that will work for the audio. Hey. So the earlier usually, we would start our story from our dad was born in 1925. And then would go through the dad story, and then the mom's story, and then them working together. And then having six of us one year apart, the six kids, and then how our story unraveled, and then how the four of us started to work with each other, and then eventually how we get where we are today. So I'm not sure that it's the best use of time right now to go like as early as the 1925. But that's where a part of what is our current passions are about started like was our dad was a scientist working in the field of Biophysics, trying to figure out how our consciousness work works. And that's the part of our upbringing was both of our mom and dad working in the laboratory most of the days, while the six of us were hanging out with each other going to kindergartens and schools thing was our grandma. And then, we was like all of us was, were born in Soviet Union still in itas. But then, the



Soviet Union collapsed, and our life drastically changed in 90s. The barons lost their job, basically, the family of six school kids and the unemployed parents was, was quite an interesting time, up until the two of us started making more money than both of our parents by just fixing computers for the neighbors babysitting them building websites. And at some point, lots of our ideas started converging into what we actually want to do in our life. And we are in lace through some live events and experience, we realized that probably the best way for us to achieve those ideas of goals which we set for ourselves, would be to start building businesses make enough money to finance the development of the products, which we want, which we foreseen need to be created. If we in order for us to achieve what we want global human society to, to achieve, to come to and that's how our business career started. Later on. years later, we invited our sisters to join and after our first largest first large company bankrupt in 2008, nine after the sister state, everyone else left with the sister state and therefore the very next company which was started we started together with them as partners. And since then, all of our companies agreed together as equal partners, the four of us. And therefore the current state of us, creating Lieberman's Corporation, which represents the next 30 years of our future, also includes the four of us, I don't know if I'm jumping too fast, starting too early, like a century ago, within jump into faster the current days. But let's say that's a brief story over the government's,

Jake 05:33

it's great, it's, I've had people who have started, you know, pretty close to like, the day that they were born, I don't think I've had a had anyone could go back to the day that their parents were born. So started very, very early. And I think that was a good overview to frame the conversation a bit. And we can talk about, you know, some of your guys, previous business ventures and, you know, time at Snapchat, and maybe I'll ask just sort of one question there. Because I do want to discuss Lieberman's CO and what you're working on now. And I think we're gonna need a good amount of time, or at least, I'm gonna want a good amount of time to talk through some of that, but, you know, you built the company, and maybe you could talk a little bit about it, I think it was called carnold, which he sold to snap, and then you're sort of responsible for, like, the Bitmoji sort of feature over there,



as well as just making the engineering department a lot more efficient. I understand. When you guys joined, I think Snapchat was in a bit of a tough spot, like struggling a bit and you guys were I understand pretty instrumental in their, you know, turnaround over the subsequent years, can you talk a little bit about sort of that journey arriving snapshot and then helping with you know, sort of the turnaround as as being a part of the team there.

Daniil Liberman 06:48

So, we joined a little bit earlier than the turnaround.

David Liberman 06:52

So we built several companies, several technologists, in computer graphics and in the past, and so when the another new wave of new era of machine learning and apply, applied to the relation computer on computer vision started, we were actually lenses company in kernel air, which will focus on 3d avatars. Previously, we have the quite successful animation, business. So we use our experience and new vision how, what kind of technologies can be built in this field, we use to develop the technology and eventually we were acquired by snap. And so it's not we initially, were focused on building 3d avatars, so 3d bit Monterey, currently, I believe still, it's one of the most used daily avatar in the world. So our team build it together with the previous li acquired by Snapchat Bitmoji team. This was a 2g avatar system, which we converted into 3d. And then when, in 2018, the there was a quite rough year for SNAP, it was first time in the history of the company, when audience started to decline. We can play the role of proving to the executive team of the company that this decline was due to performance degradation of the app. That's at moments their genuine belief was that this decline was due to competitors actions, Facebook launch stories in Instagram in Facebook and Tik Tok was growing. So mostly market attributed the decline to that station, but we managed to prove that it was all due to problems on the engineering sites and then managed to pull the resources of the company towards changing that. In what when the performance of the app was fixed. The audience started to grow, maybe or heard that snap recently. are announced the new numbers that it's already seven 750 million MOU. So the audience keep growing since then in with the same speed. So it was a quite interesting moment for us to be involved in.



Jake 10:21

That sounds very interesting. And did you prove by just fixing the problem that that was the issue as opposed to market forces and competitors? Or did you have some sort of way of proving that before going in and, and trying to fix it,

Daniil Liberman 10:34

it was quite a long process of is first trying to look not trying to like

David Liberman 10:43

show it in the data, in making the research to prove the correlation between between the events, which led to the degradation of the performance and audience engagement change. As well as designing some tests, which also allowed everyone to aligned on the, on the theory.

Jake 11:21

Right, and so you guys ended up spending what, like around four years over at snap, and then maybe you can just give the timeline of sort of like, when you left when you started Lieberman's CCO and just to sort of give a general framework for what you guys are up to, and maybe when you started product science and humanism as well. And then we can dig into each of those different pieces.

Daniil Liberman 11:43

So I'm approximately after four years at snap, we we knew that our deal was a gentleman's agreement was over. And even though we spent a little more than that, it was mostly because we wanted to finalize some of the projects which were started. And but that were over that period of time, we started to think like, brainstorm among the Lieberman's what's going to be the next Obviously, everyone, all four of us knew that we're just going to create new companies. For us, it's also always sort of a Chilean challenging choice, whether we go and just build what we feel the market will buy right now right away, or whether we go and build something which is disruptive, and therefore requires huge effort in order to prove that Mark even need this. But then the effort can lead to like a very important changes in market behavior or social behavior and stuff like this. So at this point, we



were ideating what we want to do next, there were some crazy ideas like should we just jump into the quantum biological quantum computers continue, like, as a continuation of our parents works on a seven disseminators or whether we should just do something which which companies like big company is going to be ready to start paying money right away. When we had this brainstorm, we'll also come up with an idea through through every little long several, they argue about how we're going to do our next venture in terms of who's like whether we're going to invest our own money, or whether we're going to go and race. The idea that we can take this money from our own future was the one which came to our mind. And we then went and checked it with a number of investors who immediately find it really interesting and said like, yes, we'd love to, like invest like buy a share of the future of all of the companies, which you guys will create in the next 30 years. And therefore, we then spend next five ish I want to say months researching and developing the framework, legal agreements, understanding how the valuation should be sat, etc. And then in May we left that we immediately started the limit the Liberman scope the first investors were slow ventures was slow interest some lesson really loved idea. He actually was the one who tried idea 20 years before and therefore is to was looking forward to see for this idea to become reality. It's just no one Ever, like everyone who tried it before, try different formats. And none of them worked for some reason. So we just had to come up with another hypothesis of how it can work out. So we the, our hypothesis is, this love interest really liked it. So they invested in what we created as a liberal on squat. And then right away, we knew that the liberal Moscow was created as a holding of our future output. And our future outputs is creating new companies. So the next thing was to create new company anyways. And the new company was, we decided to go with something which we felt market will like not just without we checked with a number of companies, number of startups, whether they will be ready to pay for the service of increasing speed and performance on mobile applications. And as soon as we got like, a clear feedback that companies are ready to pay, we started the product times, and product science in few months already, we created the first version of the product, with the idea that we can apply all of our knowledge on how to how to find inefficient systems and source codes, and then use apply everything which is currently possible with AI to combine this



knowledge with AI and automate us paths as much as possible the same, the same process, which can be done manually. But it requires the use of months for for an app up for complex app. But with our software now, it takes hours before the problems are discovered. And the possible solutions are suggested to the developers of apps.

Jake 17:04

Yeah, no, that was a really helpful, like sort of outline of an ordering of the events because it wasn't totally clear, even from like, the research and everything. But um, let's start with Lieberman's Co. You know, it's like you mentioned, it's the two of you, it's your two sisters, I understand, you raised that evaluation of \$400 million dollars. So roughly, you can think of it as like 100 million dollars per Lieberman. In a sense, even though it's all of you combined, and maybe you're all sort of one person, in a sense, at least literally, you are one entity now. And so there's I don't know, like where exactly to plug in, because there's so many interesting aspects of this. But you mentioned sort of the difficulty of, you know, it's one thing to have an idea of like, okay, you know, we want to take all of our future earnings and income and, and basically sell shares in that, you know, entity that collects all of that. It's another thing to actually make it sort of work within, you know, existing legal frameworks or iterate upon existing legal frameworks in a way that can make it work. So the way you guys did that you sort of alluded to this, but you basically created a Holdco, standard Delaware C Corp. That's Lieberman's go. And then the four of you, I understand all signed, basically, what I think you're calling founder contribution and pledge agreements. And this is what basically assigns all of your assets for the next 30 years, like you said to this holding company. And that's the thing that you mentioned, you know, he went to Sam lesson from slow ventures and he you invested a certain amount of money for a certain percentage of that Holdco. Is that right? So far?

David Liberman 18:42

Yes, everything is correct. The only things that actually the first round, which we made was slum insurance, was at 200 million, so 50. And then already, after some additional events, after we launched the product science after product science raised some first external



funding on the app, that the revelation group, and that's what we also want wanted to show that when you invest in such securities than they actually as an investor can get an upside the shares, obviously, as entities will grow, same in similar way, as you would expect from startups. And the yes, we invested some time in building the proper structure. We thought that it is it was really important to make it scalable, make it as something investors get used to. So C Corp. Yes, if you if you're a venture investor, you'll get used to invest in such entities. In this case. The there is no difference And for investors. So that's why slow Ventures is up. And they were they were, they were able to invest in such entity. And then we'll spend some time doing legal research of what is enforceable, how both sides can be protected. Because we, as the founders want to be protected and want our freedom to be. To stay in us as investors, when we put ahead of investor, we want to understand that this type of agreement will be enforceable, and that investors will be able to get in the future, the share of the results of creative companies. So, in whichever this structure will work, we especially initially focused on investment in tech founders. This is an area we understand, well, as well as one of the aspects of our approach, that we realized that we shouldn't start from people too early in the career, but viceversa, we should start from people who will really prove themselves and who already had some intrapreneurial backgrounds. So that, legally, we'll be sure that people understand what is investment? And what are the answers of this type of agreements. And as well as allowing us to first do small amount of deals with a high probability of outcome.

Jake 22:10

Right, so let me sort of try to reflect that thesis back a little bit to make, make sure I understand because, you know, when I've, when I think about this type of idea, which just overall generally, the concept of being able to invest in people, basically, it's, it's super interesting to me, to allow people to have some liquidity earlier on in their lives to, you know, pursue whatever they want to do, and not feel like they have to go and work jobs that they don't want to work just to, you know, basically get a little bit of financial freedom, and you end up getting that financial freedom, by the time you're sort of like out of your prime, and then you don't have as much, maybe energy and motivation to go and do the things you want to do. But what



you're talking about is starting with a smaller number of, you know, individuals basically, and focusing on these sort of higher probability bets, where they've already started companies, maybe they've already had successful exits. And the rationale for doing that is a because you don't want to start with like a ton of volume, just for simplicity purposes from the beginning in the first place. And second, because, you know, it can be viewed as sort of a controversial subject as it is. And so you might as well be dealing with more sophisticated founders who understand terms like this from prior venture capital raises and things like that, versus dealing with, you know, an 18 year old from, you know, whatever, international like international or us or whatever it might be, who just has never seen a term sheet and doesn't really know exactly what they're signing up for. Or, you know, you can try to teach them as much as you want, but like they could sort of claim that they didn't know what they were doing. So it's sort of a safer and and more just rational approach to start with these sort of experienced founder types like yourselves basically, that is that basically logic,

Daniil Liberman 23:59

yes, including some additional insights, which are for some reason, missed by others is that this particular area of venture founders is very researchable in terms of available data. Moreover, majority of the venture firms and venture investments are done today, there is a prison of this available data and statistics. Therefore, the logic behind the investments in companies can be also applied similar logic can be applied to investment in individuals themselves as a sort of a sequence of startups because like a founder founder can be perceived as a sequence of future attempts, failed one or successful ones. Over the course of 1015 2030 years of the Are career. So this is quite an interesting insight because from from this perspective, you're able to suggest specific relation for the investors to invest and specific risk profile for investors to decide whether they want to invest in this conditions or not. This is one perspective. And the additional one is that it seems to be rash like fashionable and expected that younger people or people who the beginning of their career would want to raise money using this model, just because they still don't have reputation. And it's sort of might make their their capital raise access to capital for them easier. While of more experienced, founders



don't need it, for sure, because they can clearly raise money from the venture firms. While the truth is that there are reasons and lots of different reasons for the experienced founders to raise money through this mechanism as well. And that's what we are about to prove and show through the series of sequence of investments, which we're going to do this year, like at least 1020 30 people who want to invest this year, and we have a way sort of waitlist, like, of 50 to 60 people who are ready to raise money with our model, which is really interesting. And this is quite an the group of people going to be quite interesting, experienced intrapreneurs, who can easily raise money from the top venture firms on the market. And yet they understand why they would need to use a model like ours.

Jake 26:52

So just to be clear, for people listening, what we're talking about here, when you say you guys are going to invest in, you know, 20 or 30, or however many founders this year, we're talking about basically the activity of the sort of first of its kind of VC firm that you guys are starting called humanism, which you know, is basically sitting under Lieberman's cocoa or at least the profits from it are flowing to Lieberman's co it's part of, you know, the Holdco and the whole arrangement. So, Lieberman's CO is like sort of your own version of okay, the Lieberman's are now an investable asset. And then you've created this venture firm, to go and find a bunch of other Lieberman's code and create a bunch of other Lieberman's codes that you guys can invest in a sort of on the investor side of things. So it's a little bit like a meta thing. But just to clarify for people listening, and then the question that I have for you, based on what you just said, which was interesting, adding this couple of points, you mentioned, like, you know, these, you know, 40 or 60 founders on the waitlist, that have some really interesting people that you guys are excited to invest in, a lot of them could raise from sort of top tier VC. But then you also said sort of like, there's, there's reasons why, you know, they might not want to, they might prefer this route, it's actually unclear to me, it's clear to me, like you said, why someone earlier in their career who might have trouble, you know, getting investment would want to go this route. But for someone who would have VCs sort of knocking at the door for their next venture, someone like you guys, for example, why is this more attractive than a, you know,



raising from a VC in a traditional way for the company, and be, you know, investing some of your own capital to the extent that the venture can be bootstrapped for a little while off of your own capital, if you guys have made some money, or some of these founders made some money, basically bootstrapping the thing.

Daniil Liberman 28:47

Right. So that's exactly one of this. Discoveries, like something unknown, which we, which we figured the reasons are different for different people. But some of them are, for example, if we think about this, for the perspective of chances of your next company to be successful, statistically, only on average, there was market only one out of 100. Companies, which got seed investment in United States have a chance to get 2 billion plus dollar revelation. While for the people with experienced people who previously sold their companies with pretty significant exits, like in 10s of millions of dollars type of exits and acquisitions. The statistic shows that their probability of creating a billion dollar company increases 6.5 times. So it's it's better to 100% And therefore, it's let's say what is going to be a little bit more than 10%. Let's say in simplifying it, let's in between 10 and 15% chance to create a billion dollar company, which still not 100%. Therefore, for, for the fund, when they invest in such individual, they still see this other statistical game, they would still need to invest in 10. Plus, companies of founders like that, in order to statistically have a statistical chance of hitting the outlier, the unicorn, for the founders himself, they should strongly believe that their very next company is a billion dollar one, like it's not that like, oh, I will create this one is probably going to failure and the next one, and then the one in 10 going to be a billion dollar that doesn't work this way. So for the founder, you strongly believe that this is a great idea. That's why you're going to spend your next 12357 1015 years with this company. If it's a successful company, then you clearly are going to spend 10 plus 10 plus years with this, like, if it's a billion dollar company, if it's something like over \$100 billion dollar scale, you will spend 15 to 20 years working with this company and working for this company. Therefore, for the founder, you strongly believe the very next one is the one which will be sort of last one sort of while if you clearly look at this from a chances perspective, you should understand that for the



investors, they would give you a relation not as if it's 100% Chance unicorn, but as if it's a 10% chance a unicorn. And this relation will be it will include all those chances of other nine of enlistees to fail, like other nine besides you, like you clearly is a billion dollar company. But other nine are failures, if you're if you're the winner, and therefore, your relation which investors are ready to give you right now decreased with the chance of failures of the nine others. Now, if you look at this, from the perspective of you raising money into your future, you basically includes in this personal revelation, a number of attempts, as if it's three to five different attempts in the next five years. So your chances, the chances that one of this three to five companies are going to be is is going to be a bit a little bit a unicorn is much higher.

David Liberman 32:36

And because of that you as a founder can retain a higher share into your next venture, you will be diluted last. Like most of like the founders, like first time founders who had some exits, they actually experience the fact that the by the time the exit was by the time of unicorns, they were diluted significantly. And when they launch index company, they really want to make a difference, when they will be able to retain a higher share of this future success. And in our model enables ads. And that's why it's the reason they a lot with their previous experience and with what they want to achieve with a new venture.

Daniil Liberman 33:28

As we said, Our latest investment which we're going to deliver prints was the relation of \$100 million per each of us. Should we should each of us start a new startup right now and try to raise seed money from venture firms as much as we are experienced founders with several exits behind us and with successful companies behind us. current average market statistics wouldn't allow investors like venture firms to put money in this next startups at a revelation higher than \$30 million, probably probably even \$20,000,000.20 to \$30 million dollars, which is like three times smaller relation than for the project one

David Liberman 34:18



of us. So, if we do risk investors with our future, we can raise like two \$3 million. So the seed money for the next project with a much lower dilution, retaining the full 100% share of the next company which we start and through that process we by Stein when we will need to raise more in the series A or Series B stage we will retain a higher share and in through that our future exits would be much more fruitful for for us and for the investors who invested in us but there is actually another I'm reason some of the experienced founders choose this model. And the reason is that all of us have some ideas of moonshots. And the small chance usually they

Daniil Liberman 35:16
are much harder,

David Liberman 35:19
much harder to raise money for they almost impossible to raise money for. And that's but all experienced founders. They have such ideas in they want to have resources to experiment and to invest some some of the resources and some of their own efforts to actually build prototypes, and then already converted to a business, which would be able to raise money. Externally, we all

Daniil Liberman 35:51
want not as risky, our own money, but the venture funds risking the money because that's the whole deal. With we all want to put this money at the stake for an ability to create something which no one clearly believes like, it's the rocket which can land,

David Liberman 36:14
the companies like SpaceX are possible only right now, only when founders already are ready to invest their own fortune to prove that this type of a ideas are possible to implement. And we see a huge potential with the Ag with the model, which will propose to enable hundreds more of the moonshots which will affect the world in the way different app type apps like mobile apps that pop startups cannot.

Jake 36:59
Okay, so that was very helpful, helpful explanation, or I'll try to just summarize quickly, basically, as a founder, as an experienced



founder with successes under your belt, you want to start a new company, you believe that new company is going to be the company because you know, you're sort of, by virtue of starting a company or sort of signing on for like, a 10 plus year commitment, and you think that's gonna be the one, the investors on the other side, think, well, you know, there's just this is just statistical. And, yes, they have an increased chance of starting a unicorn, but, you know, the, it's just, it's out of their control, like, just because you've succeeded once doesn't mean you will, again, and so maybe it won't be this one. But if they start a few over the next 30 years, odds are sort of improved, and therefore, you guys can raise at a higher valuation than you would for an individual venture, because the investors appreciate that eventually, this founder, first of all, it's just a different type of vehicle than they're accustomed to seeing. So there's not like market comps that say, okay, you know, most of these seed rounds are happening at 15 or 20 million, and you know, they're experienced, so maybe we can do 30, or 40, or something. But there's no cops here, so that it's sort of freeing in that way. And then secondarily, they realize that they're getting sort of multiple, you know, at bats from the same founder, where it's not just one venture, or one idea that they're betting on, but, you know, a series of attempts basically over over a few decades. And then what you're saying, I think, is, this enables more investment in moonshots, because what specifically capital intensive moonshots, I guess, because for something like Space X, SpaceX, there's a ton of capital required, and a very low probability that it works out from an investment perspective. And so you either have to be sort of crazy enough to believe that it's going to despite the odds, or you invest in the person that's like Elon, and he can raise capital at a huge valuation, because he's Elon, and he can then go plow that money into SpaceX. And if it doesn't work, you just sell it some more of his equity later on at a very high valuation and can sort of move on to the next moonshot. Is that a reasonable sort of summary?

Daniil Liberman 39:17

And probably not like, in parallel Elan runs several companies, like in our case, for example, we run like product science takes lots of our time. Because it's a business we as clients, we sell, we produce product we hire people like it's, it's an ongoing process. And in



parallel, we have several hypotheses, which we want to check. We hire a couple of people, they're the scientists usually, and they do some research, and we invest some money in this direction. And it's harder for us to go and raise money for that from the investors when when there's it's just a hypothesis check. It's much easier for us to raise money for The product for something like product science when its sales process, and you just increase like you just grow. But we can run this thing things in parallel. And by the moment when the experiments will get to the point when we are sure that we can raise money from external investors, or we are sure that we're already invested in more of our own capital into this, being able to sell some of the stake in the product science, in investing this enters into experiments and variable gives us a lot of flexibility and gives us an ability to even execute such projects,

David Liberman 40:38

yes, in other in other things, which you can find through data. And this is also an interesting interesting point to mention, of difference of point of view of investors and founders, that when you investors, when an investor also attempts for you as the same, you have your funds set to seven to 10 years. And all the investments which you made are the same in terms of potential future output. That's why, for example, it's almost a standard of what would be your simulation. It's not much of the difference between startups. But for founders, failures and successes are different in terms of expected time you would spend on them. So on failures, you will spend much less time than on successes. That's why when an investor will tell you, okay, like out of 10 attempts, only one will be successful, and nine will fail. In this case, okay, but this nine failures will take less time than then nine successes would be. So per failure you need, like, around three years, or your time but repor success, you need 10 years of your time. And that's why when you deal with such statistics, for you to actually, if you truly believe that very next venture has a much higher probability than they wouldn't expect to be successful, in this case for you is much better to raise money. Through our model, because you use all this time expected on failures in the expectations are pretty much shorter.

Jake 42:46



Right? So for these agreements that we're talking about, just to be clear, roughly, it's like one to 10% in the whole company that is, you know, being exchanged for the capital raised in the first round. I don't know what what did you guys do for the first 200 million and then for the second 400 million?

David Liberman 43:04

Yeah, so usually in will really did some of similar investment in other individuals as well. And usually, we would offer in the same we use with ourselves for first round to be something round like 5%, or, or a little bit less, and that,

Daniil Liberman 43:24

in our case, it was smaller than that just because we were the first one to even try. But with the further we go, the more we see is going to be standard that five to 10% is going to be the first the first round, let's say it's like we can see this through the prism of rounds as well, then, should it be should it be should the attempt of the founder, be failing the failures for the next couple years, and then all the money which he raised, she or he they raised off from the first 5% are spent and in no output, then the key can sell another five and make another round of attempts. So it's sort of similar approaches, as when you when you is a normal startup activity, you start a company you failed, you started another one you failed, you started another one, you're successful, or just some exit.

David Liberman 44:26

But as soon as investors will see some of the founders perform much, much better than the others we expected this founders will be able to, to raise higher and higher revelation eventually a higher share of their future outcome.

Jake 44:46

Right. So that's sort of the the amount of the investment, the percentage, the valuation, and the schedule is basically 15 or 30 years for you guys. I think it's 30 and for humans If you're going to do variable between 15 and 30 years worth of income basically,

David Liberman 45:05



yes, that's what we usually discuss, we just discuss these two standards, with shorter deals, the relation start to be not as drastically, drastically different.

Daniil Liberman 45:16

That's why I'm just raising money from the next startup. Yes. That's

David Liberman 45:19

why for founders, the difference is not enough to consider the the overhead of the new model,

Daniil Liberman 45:27

it's all the statistical gamers will sound like statistic of how many failures and successes you need. Before you hitting the outlier.

David Liberman 45:37

Most of the deals we see right now they, they are about 30 years.

Jake 45:42

And is there a point where I'm just thinking about it? Like, let's take product science, your guys company as an example. I know you guys recently raised a Series A the company's doing quite well. Is there a point where, you know, you mentioned you're raising for the holding company, so that you can, you know, start all these various things and test hypotheses and whatnot, is the money that you're raising on your Holdco, sort of more for the earlier stage funding, where, past a certain point of like, whether it's product market fit or a certain, you know, number and revenue, you're more focused on just actually using the company's entities to raise so that you're not diluting the Holdco any further.

Daniil Liberman 46:28

It's most honestly, so yes, we see this mostly right now, because we are in the early stage, let's say of all our ventures that we use are spending for the early stage development of the new ventures. But at the same time, we can clearly see that at some point, we can reinvest some of this money into the second round, like seriously these round of our own companies. To double that on them.



David Liberman 46:58

So right now we we actually prefer on the next stages of the ventures to have external capital, because within standard external capital, you're also kind of getting getting the external revelation for this. subsidiaries, in this case, this external relation of the subsidiaries affect the whole reporting, simulation. So so we actually believe that it would be quite balanced to use both in your rights that primarily to use this capital for on the stage, when you believe in the venture more than external market believes this is the right approach. As soon as external markets are ready. For external market, it's obvious that this idea works as this company works. In this case, it is reasonable to raise for this separate companies.

Jake 48:02

Yeah, it's interesting. So, um, as well, couple of directions I want to go. First, I saw in your what was it called the founder contribution and pledge agreement, there is a bunch of you know, there's certain assets that are explicitly mentioned is included, and others that are explicitly mentioned, excluded. There was a couple on the excluded list that I thought were kind of interesting. One was rights to a certain small percentage under 1% of future income, and a couple of individuals. And like I saw, I saw that and I'm like, are those? Were those beta tests basically, for you guys on like, sort of the humanism model? Amazon like before, after you guys did it yourselves? Can I think about like those? Are those like early experiments, basically, that you've done?

David Liberman 48:52

Yeah. So we usually when we do these deals in the same way applied, so ourselves that if we already have some previous investments, is not as important to transfer into the holding structure. And that this examples which are mentioned in the exclude list, this was those experiments which we did before. We formed, we form formally legally created a structure in science the first investments in that's why we just added them into the exclude list. Similar things we do when we invest in the founder in other founders, if they already have some investments, we don't bother them to transfer them into holding structure.



Daniil Liberman 49:45

Like we would prefer, not necessarily bother them.

David Liberman 49:49

Yes. And but if you have if a founder has a share in the company's the activity anticipate in this case, it is important for them to transfer this into holding structures.

Jake 50:08

Right? Yeah, that makes sense. I originally, as you're sort of giving the explanation, I was like, oh, yeah, of course, you know, you guys made these investments prior to the agreement, of course, there would be excluded. And then as you kept talking through it, I was like, Well, I guess there's situations where, for example, maybe a former founder, who had an exit, just started a company a year ago, and he's applied to, you know, for an investment from you guys through humanism. And it's like, well, you know, he's obviously gonna be working on that for several more years, that equity should be included. So it's sort of hard to draw a hard line, but there's sort of a, there's enough of a template there where you can go on a case by case basis and sort of address address the edge cases of what's included and not included, and just by the virtue of the nature of the agreement, you don't really have to worry about like, you know, Oh, this guy, you know, bought a few shares of Facebook a few years ago are those included or not, like, that's not what's gonna move the needle, what's gonna move the needle is, you know, they're big. Like, they're, they're big pieces of equity in their current venture or something. So you sort of pick the one or two things that that matters, and just address that pretty directly in the agreement.

Daniil Liberman 51:19

The logic, more or less, is that we want founders interest, like the focus of the founder, to be in the companies and acids like in the projects, which we as investors assume the founders future are co owners like shareholders, sort of like we that we want the interest to be fully aligned. And therefore, if it's something which you're actively not involved at all. But still, it's your company, which you created several years ago, but you don't like spin it anytime in there. We probably don't need it in this agreement at all, even if it



will make some money in the future. But if it's something which you actually actively involved in right now, and he's going to be involved for

David Liberman 52:11

it in the rebalance your time towards that word, yes. That this case is can be is it should be included, because for for investor in such security, it is really important that that refocus of its founder to some of the ventures shouldn't change the outcome for investors. In that that's where we kind of draw the line.

Jake 52:38

Yep, that makes sense. So you'd mentioned previously, I think, I wasn't aware of this, but I think you said that Sam, lesson from slow had previously experimented with something like this in the past. And of course, there's, you know, a variety of previous experiments that are, you know, to various degrees related, or at least tangential to this, you mentioned, you know, most of them didn't work, some of them might have succeeded in some capacity. But obviously, this isn't, you know, an established asset, like venture capital or anything like that. It's not an established mechanism. And not, you know, hopefully, it will become one because I think for a lot of reasons, we can actually talk about sort of the impact of what would happen, if this becomes, you know, an established thing, not just for former founders, but for a broader category of people. But before we get to that, I'm just curious, like, having sort of evaluated these previous attempts, and seeing sort of what went wrong with them and coming up with your own hypothesis on how to actually execute this the right way. Can you talk a little bit about some of those, like, basically that evaluation and, and what tweaks you've made to sort of address the issues that you've seen from experiments in the past?

David Liberman 53:52

Yeah, so we, first, we already touched this, that we saw that all of this attempts were targeted individuals to early on their career path, right. And even though we do believe that in the future, this wouldn't be possible for every individual to use such model

Daniil Liberman 54:17



and not only possible, but probably even more important for them to have access to capital through this mechanism than for the more experienced founders.

David Liberman 54:26

But what we saw that a we shouldn't start it on that, that we should start from the experience, founders and through that prove the model to investors and through that, zero, the interest scale in on design, it will be available for individuals on the younger, younger individuals early in their careers, because all of these previous attempts, targeted students, and they you know, like 18 years old who like never did such deals

Daniil Liberman 54:58

or those who never did any business. Previously, but one to start some this app starts over the world. So

David Liberman 55:03

this is what like the biggest change we made. You know, like we all we understand their passion. And we'll also like, every couple of months, we have the same conversation whether we should try it with people early in the career, but that this is one of the main distinguish, but also in other one is that some of these attempts, tried to, to make it not through security type of mechanisms, avoid, avoid the insecurities. Because

Daniil Liberman 55:40

it seems to everyone that it's too complicated to go and deal with regulators around the legal securities.

David Liberman 55:48

And but this type of attempts limited this

Daniil Liberman 55:55

asset even to grow?

David Liberman 55:55

Yes, as the girl, for example, this was the major reason why when upstart tried this model early in their path, they had to limit the



cap the outcome for investors. And but when you cap outcome for investors, you significantly decrease the probability of investors to return their money. Because in most of the not most but in, in some industries, including intrapreneurship, and also high intellectual and professional. Yes, there is power law. So few individuals will generate most of the outcome. This is how the market works right now. So when you cop the outcome, you just cut out all the outlier type of outcomes. In this case, you can't really

Daniil Liberman 57:02

statistically you're not, you're not you can't really statistically provide returns

David Liberman 57:08

would be too low. Even with ourselves, we initially thought, Oh, we would like to have a cap so that after some x return to investors, they will not get anything. But we entered it to the model, which we built and realized that in such a case, it makes no civilization would be too low.

Daniil Liberman 57:33

And it'd be great for us. And it makes no sense for the investors. Yes, so so we try to we try to model out sort of fair markets model, which would work in benefit for all the participants, like literally all the participants, we believe that it will increase the general expectation, pretty much providing capital providing access to capital, those who don't have this right now.

David Liberman 58:07

Yeah, so that's this was the second point that we realized that so now we should build an instrument, which will be security type of instrument.

Jake 58:17

Yeah, what's interesting is, you know, there's a certain range of deal terms within which both the investor and the investi, the founder would accept, right, and, you know, you need a range that overlaps, or else this type of deal is, is never gonna get done. And it seems like there's a sizable range, probably with this type of deal where it's



interesting to both the investor and the founder, whether that's an experienced founder, or maybe later, you know, an early founder on totally different terms, or maybe, you know, even eventually, like an artist or a totally different or content creator, someone totally different. But there's, it seems that there is a range, that's sort of an important thing, because there's some deals that just like can't get done, it's just not sort of sensible. And here it is. But to your point, if there was a cap, there would be no investor who would touch it, because basically, you're just cutting the power law companies at a certain height, and it just doesn't, the probability that any of these succeed, there's just they make all their money on the power law. So there's no appeal to them at that point. But as a founder, you know, you might like that, because obviously, you know, past a certain point your, your returns are sort of untaxed, or whatever you want to call it tax and maybe a bad word, but, you know, you're you're above a certain cap, you get all the returns, but a similarly attractive thing that I wonder if you've thought about, as a, you know, for the founder, is, you know, yes, I would probably want like a cap if I could, but I understand why I can't. But I might also like if there was like a floor, where, you know, if I don't have a certain amount of income, like above a certain point, then I don't know Don't worry about any of this. Like, it's because it's a lot of like sort of overhead and like, you know, you guys probably as the fund. Also, by the way, you guys being the fund, and you guys are the investors and the investors or the investi, and Lieberman's CO, and you're the investors and humanism, so that itself shows like, you guys obviously believe that this model works. And it's good, you know, for both sides. But the floor is kind of interesting, because for the investors, that's not where you're getting your returns anyway, and it cuts your overhead by like, you know, 90 or 95% or something. And as the investi. Your own, you don't have to worry about any of this unless you have an extreme return, basically. Have you guys thought about sort of a floor type of mechanism?

David Liberman 1:00:41

Yes, that's we actually added. So this added to the pledge agreements, we usually have this floor, you're totally right, that we also in terms of potential legal challenges, we, we really understand that most of our outcome as investors in such securities wouldn't be from



this outlier type of the cases we don't need to even touch the board. But so in in Wellsville, is that this is the right thing to do this, this is a precedent which we want to set for this, to not, not be used in the wrong way. So yes, we set this floor and with all the indices in with ourselves, we will do it as a standard with we

Daniil Liberman 1:01:28

can predict over like talking more about how we we see this technology can change the future is if founders have failed with their particular like, let's say I'm a drop out of college, and I just started a startup and a couple years after I fail, this, for me might be a very challenging time. Not only because I just feel myself a failure, but also because I still have a student that I still I probably spend all of my money, all my savings, to try to save my first startup because I truly believe that the one advisor moment when I am supposed to start the new one, I burned out, and I'm broke. And therefore there is no chance for me to even continue in this way. We are losing potentially successful founder of the next unicorn to just go in and be hired by a corporation and work for them as a as a normal employee. Instead, if if individuals like that teal had some of their some of their income, unpatched and not included in the in the future agreement, they might have, they might have some cushion, to move on, continue and start the new one, and start a new company and figure out what to do next, and then raise money from the investors and then be able to raise money for their interest himself again, like another 5%. So we see that this will generally makes it much easier to be to be a founder and to risk and, and remove unnecessary boundaries and unnecessary pressure. Because, like, what's interesting is that, if you will look at majority of the billion dollar billion plus dollar companies, they are all creatives, the not all of the majority of them are created by founders who never had a financial struggle in their life. They came from the upper middle class families or higher their their education was paid by by their parents or by grants. They clearly could have, they clearly can live their life without risking, and yet they do this and yet they risk and then it's them who actually create majority of the billion dollar companies. Because we believe that there is a specific necessary level of security and financial safety, which is needed to risk even more in Yes, we can clearly see that there are people like us who came from very poor families, and that through the



struggle, we figured some solutions for some problems, and we built companies, etc. But we were minority, not the majority of the case.

David Liberman 1:04:43

And even in our case, we were clearly see that our advantage early on in our career was due to the fact that we have a computer much earlier than our peers because our parents are scientists. They A

Daniil Liberman 1:05:00

we had a PC at home at 1986,

David Liberman 1:05:04

much earlier than everyone around us. And that's definitely allowed us to actually use this opportunity and to gain an

Daniil Liberman 1:05:13

advantage. Yes, I can basically be earlier in the pack overall,

David Liberman 1:05:19

so So is that we, that's why we are personally are quite proponents of the view that access to the resources is much needed and that the world today is non optimal, in terms of what people can achieve what humanity can achieve.

Jake 1:05:39

Yeah, it's super interesting. I always after each time, you guys are sort of done speaking on something, I have like seven different directions I want to go. But one, I think that's kind of interesting. You know, there's, this is already obviously a very bold and sort of, I don't know if risk is the right word, but it's very novel. And you guys seem to be sort of going pedal to the metal, right, right from the bat, not only by sort of doing yourselves and starting a fund, but investing in, you know, 20, or 30, or more founders, I think, in the coming year alone, that are that are doing this for themselves. And you guys are the investors on that on those deals. But you're also I think, on the Lieberman's co side of things, hoping to go public. Can you talk a little bit about that, and why you're pushing to do that quickly. And what that sort of offers in terms of, you know, what the motivation is?



Daniil Liberman 1:06:32

I'll make a remark. And then David will continue with with going public, we believe that the model we propose is less risky, honestly, and then the mathematics and statistics show this

David Liberman 1:06:45

efficient, we should prove it first. So you're right. So, as we mentioned before that, we saw that it is really important for this assets to be security, and what else is important that the security should be liquid liquid in the time horizon less than 30 years. So it should be liquid at least like in 710 years from the moment investors invest and earlier the better up but otherwise, the venture funds and private equity funds or pension funds, they will not invest in such securities. So we need to to be more standards for them to make such a choice. And but so to make it liquid, we should demonstrate that there are liquidity events, similar. So what you would expect when you invest in a company, and one of the most like common liquidity events is actually going public and

Daniil Liberman 1:07:55

large outliers. So

Jake 1:07:58

in this version, you can't quite get acquired, probably that's probably not what you want.

David Liberman 1:08:04

That's why there's only as an option

Daniil Liberman 1:08:07

in this option, we can, let's say if if one of our companies is acquires and we can we can pay dividends.

David Liberman 1:08:13

Yes. But but going public is was kind of an inspiration for us from the very first day. So when we only started the design of Lieberman's coin, the structure and the legal agreement, we



Daniil Liberman 1:08:28

proposed sec to have several calls and asked several questions from

David Liberman 1:08:32

them mostly about

Daniil Liberman 1:08:36

them being comfortable of such structure to go public.

David Liberman 1:08:42

And in right now, we'll really have calls with bankers, usually to the help companies to go public and with stock exchanges to be sure that we actually meet all the requirements of the exchanges. So we as Liberman score, we wanted to do it earlier, and not even waiting for seven to 10 years. Because for us, it's not only about our liquidity and our investors liquidity, but about demonstration setting, which will enable more investment in in this direction. So more founders will be able to do that, even though probably for them. Still, this type of liquidity events would be like 710 years from now, but but just demonstration of that can kind of unlock an Mugsy imagination of the investors. So they will understand that it's not no different from investment in startups. But then they can look at statistics Daniel mentioned that actually, statistically, it's less risky investment to make and actually it can generate similar returns to the conventional venture capital. So we just see that as soon as we will remove the risks that might be as securities cannot be liquid, then it will enable dozens of billions of hundreds of billions of dollars to be invested in such equities.

Jake 1:10:26

Yeah, sort of like the full start to finish in a way, and you're just not taking a decade to do it. Because you don't really need to, you've already got you guys are established and the valuation is quite high. And it just adds legitimacy to the entire not just you guys and your entity, but the entire mechanism, basically, it shows that it can go all the way to liquid. And, you know, we mentioned like, obviously, acquisition isn't really an option for someone to own like all of your guys's income IPO, though works. You know, I'm thinking of other alternatives for, you know, the Quiddity. And I can't help but think



about crypto a little bit. And I'm not sure how you guys, you know, how into it or not into it, you may be. But if you've thought of if there's any, you know, obviously a lot of projects out there, we'll just sort of slap crypto onto it to make it, you know, whatever trendy, irrelevant or whatever, do an NF T project. But for certain applications, obviously, crypto can be extremely useful in a way that you sort of couldn't do the thing without crypto. Is there any area of this that strikes you as maybe being sort of ripe for for crypto type of application? Or use? Or did you think about that at all,

David Liberman 1:11:41

we actually develop in the way to tokenize this securities. For us, it's really important that we will not pretend that it's not security how most of the crypto projects unfortunately do. But we were we want to build the path to follow all the rules, which sadly, regulators to then tokenize the securities because for sure, when you have some outlier type of founders with really high valuation, going public would be the option. But for a kind of mid size and like small cap type of founders would definitely want to build in other path in tokenization is for sure. You know, mind is the pass for that. In that's why we develop the right to develop the structure and the legal framework for for it to happen.

Daniil Liberman 1:12:50

And blockchain here is mainly a tool of a decentralized ledger, which everyone can trust and use and transact in transact faster.

Jake 1:13:01

But what is I may have missed it. But what is the reason why tokenization is optimal for smaller cap individuals versus larger cap.

Daniil Liberman 1:13:13

Clearly, just like it's more like basketball, that caps won't be able to go public. And therefore they need some mechanism for for liquidity or for IV. And then if it's basically we could have probably build a secondary market to acts like a guard that x is trying to do. But But tokenization is making making it simpler in terms of transacting on chain seem to be like super straightforward, easy, no one has to trust us. It's all out there. Everyone can see who owns what. So there is



like a level of transparency which regulators might want such transactions to happen stuff like this.

Jake 1:13:58

Right? It's like an established path to faster liquidation liquidity, basically, then

Daniil Liberman 1:14:05

mid term liquidation.

Jake 1:14:08

Right? Okay. That makes sense. I'm trying to think I know we've got 10 minutes left here. And it's been a fascinating conversation. Maybe we can spend the last several minutes we'll take this chance maybe for you guys to add any additional comments to this general category that we've been discussing of this new type of investing that we've been talking about whether it's Lieberman's go, humanism, or the or the concept in general. And then maybe we could just spend the last few minutes you guys live a very interesting and very different life. And it might be interesting, just to hear a little bit about like, sort of, sort of, I'm always obsessed with like people's like daily routines and habits that sort of make them special and you know, sort of maybe drive part of their success or things that they believe in for people listening to maybe try out themselves.

Daniil Liberman 1:15:00

I would probably start from the end. Like the routines, I'm not sure that we have too many of the routines, but one, which actually probably has a multitude of different routines is the level of transparency which we have between the two of us. I mean, we clearly have no private space in between the two of us, which, which routes out lots of the individual demons, I would say, like personal demons, and those, like just fade away, there, the light is always lead upon them. In this way, we managed to help each other grow a lot. And we can clearly see that it's possible.

David Liberman 1:15:47

And whenever you send a message to



Daniil Liberman 1:15:50

me, or he'll like the universe, you actually can be sure the both of us can read it.

David Liberman 1:15:56

So it is a really interesting experiment, which we believe led to a lot of cetaceans and successes in our life.

Daniil Liberman 1:16:13

So we live this way already for over 25 years, and likely going to live with our throughout our entire life. And we are about to see how it will go. And yet so far, I would say I would recommend other people

David Liberman 1:16:27

to leave this place, you know, like 8 billion people live the other way. So maybe a little bit more like couple of million people can try this way. In general, we believe that currently, we taught our kids to see themselves individually, like that you're individuals who have their, your own individual careers. While what we saw in our personal experience, that actually groups which can act as one, they have, like quite significant valor on the market.

Daniil Liberman 1:17:12

And this is interesting, like we're not talking about like collectivism, like everyone has to be one. No, actually honestly, like, it's a group, building an organism, a system of people who you can trust who you love, you can spend most of your time together like like you would you would not feel any bad about spending 100% of time with this people makes you never been alone makes you never been lonely,

David Liberman 1:17:41

but also increase your value in the market significantly. That's why all the acquisitions are happening like that, actually, companies buy teams like Kansas, solid teams, which we know are worried. So definitely, we think that this experiment, this can start from simple stuff, like sharing locations that were like sharing emails, or sharing,



Daniil Liberman 1:18:07

having transparency in communication and finance, finance or

David Liberman 1:18:12

finance, easier for all startups, we really advise that all of the partners, at least all the founders or the investors should see everything which is happening with the companies financially, it is really important, not

Daniil Liberman 1:18:24

necessarily all of the employees and only because for some employees, it might be hard from time to time to see through what challenges and risks founders and executives of the company have to overcome them. So

David Liberman 1:18:36

but we ran some companies where like there was full transparency forever for everyone everyone saw.

Daniil Liberman 1:18:42

And that was a single problem. Moreover, we can clearly see that we avoided lots of unpleasant situations by being and transparent. So

David Liberman 1:18:51

we definitely recommend that's about our routines. And about what we want to add. I think one thing which we haven't touched in is really important for us in terms of this project, that it's not only a deeper reason, about opportunity for like individuals are investors and this high caliber of founders or investors, we really see that there is an underlying problem in the world that was last 30 years. Because of the decisions regulations, which were made in the 80s and 90s. What we see is that every next generation, for every next generation, it is harder to accumulate wealth. And what was accessible for generation which was born in the 50s is not accessible for younger, younger generations right now. In And we see it as kind of source of most of them main challenges, at least in the economy right now.

Daniil Liberman 1:20:13

And we see that it's gonna get even worse, because as soon as we will get to the point, when next generation after us, the Gen Z's of the



world will get to they're 30 years old, on average, as a generation, likely this generation, on average, Thiel not going to have not going to have any wealth, they still going to be negative, and probably that's,

David Liberman 1:20:35

and this will lead to

Daniil Liberman 1:20:39

decrease in your ship decrease intrapreneurship increase of taking risk, decrease, and honestly, just motivation to do anything

David Liberman 1:20:49

in with definitely all from different angles, should I try to try to change that to try to fix that and to try to build the world when young generation actually have all the resources they need.

Daniil Liberman 1:21:08

And the way we saw this was always the financial, the wealth of the young isn't their future, is it's the product of their own labor in the future and talent. While the wealth of wealth, the existing wealth is all about the past how much you manage to save and earn throughout the last 3040 years, or your even ancestors, or into earlier before that. What's interesting, the the wealth, the future wealth of the Young is not included in the economy right now. And if it will just include it in the same mechanisms of markets, we will discover that the market is much bigger, the accessibility of capital is much easier for younger and young people. And young people have older sources that need to risk to create, to innovate, and to be motivated to like, quadruple efficient, like quadruple output of labor and market every 30 years and build a better one deal the way the world the better world in the future. So like we see this as a very important aspect of why we're doing this, why humanism is important. But it's not necessarily the reason why investors should do this, they should do this, because it's less risky in higher return.

Jake 1:22:30

It's good when you can figure out something that makes money but also is good for the world. So it sounds like every party sort of has



interests here. And it should be a net good thing. I think in the end, even though you know, it's weird with this concept, I never really understood it. But it's it's regarded as somewhat controversial, it seems but like mainstream media and whatnot, because people are like, Oh, you shouldn't have to give away a personal percentage of your personal money or whatever. But it's like, it's just sort of ignoring the details and things and jumping to conclusions around like worst case scenarios and whatnot. And I think it's very clear that what you guys are doing, you've been extremely thoughtful. And, you know, I've sort of set a mechanism that will avoid a lot of downside possibilities. And at the same time, make the system hopefully work in a way that it can, you know, start with these experienced founders. And eventually, to your guy's point, you can maybe give every potential founder or just a potential person the opportunity to sort of operate in life in their younger years and throughout their careers in a way in which, you know, previously, only people who are sort of born with a certain degree of financial stability and comfort, were sort of able to do or some sort of advantages early in life were able to do and can take those risks that those you know, a small percentage of people in the world have been able to do. And hopefully, we'll end up with a lot more, you know, sort of great individuals. So anyway, very excited for what you guys are doing, and can't wait to see how it all plays out. But um, where should people go if they want to, you know, learn more about this or follow you guys or what you're working on? Or maybe even if there's some experienced founders listening, they might like to apply to be considered for something like this to humanism. Where do you want to send people?

Daniil Liberman 1:24:19

Recently, we started more actively running our Instagram account and probably it's easier to find everything we try to communicate through our Instagram account right now. Lieberman's it's really simple and clear in the form of the Lieberman like be like you probably will pass this over with the correct spelling of our last name. But also

David Liberman 1:24:44

humanism.is is yes, it is a website where you can actually sign up for the wait lists and let us know that you are interested in that kind. So it's



Jake 1:25:01

amazing. Well, thank you again, David and the Neil. It's been an absolute pleasure speaking with you both. And, again, I just can't wait to see how this plays out. I think it's an awesome idea and you guys seem like you're have a great idea of how to execute all of them have already started. So I'm very excited and wish you guys best of luck. Thank you. Thank you