Hi, I'm Myles

- Grew up in Rhode Island
- Went to W&M
- Spend my waking hours on
  - Third South Capital
  - Mobius Materials

Why You **Shouldn't**

Buy a Software Company.

Or at least know what you're getting into!

Thirdsouth.capital

- **Blue Canary Software**, a suite of ZenDesk support applications used by hundreds of thousands of agents
- **Icon Horse**, the easiest way for developers to retrieve images and icons for a given URL
- **Clipboard History Pro**, the best Chrome plugin for managing your clipboard history
- **EntryThingy**, the best way to manage calls for artists
- **Shopping Cart Apps**, a suite of tools for syncing e-commerce tools with advertisers

Challenging irresponsible narratives

Just talked with a guy who bought a profitable, $250k/year business for only $1,000 down.

His story is proof that buying a business is achievable for anyone if you can get a little creative.

Agenda

1. Intro
2. **This is a business**
3. Tech debt is real debt
4. You could go a year without making progress
5. If that doesn't dissuade you
6. Q&A

Private businesses are illiquid investments

- Richmond houses are more liquid than software companies [1]
- Once you buy it, expect to hold it for **at least** a year
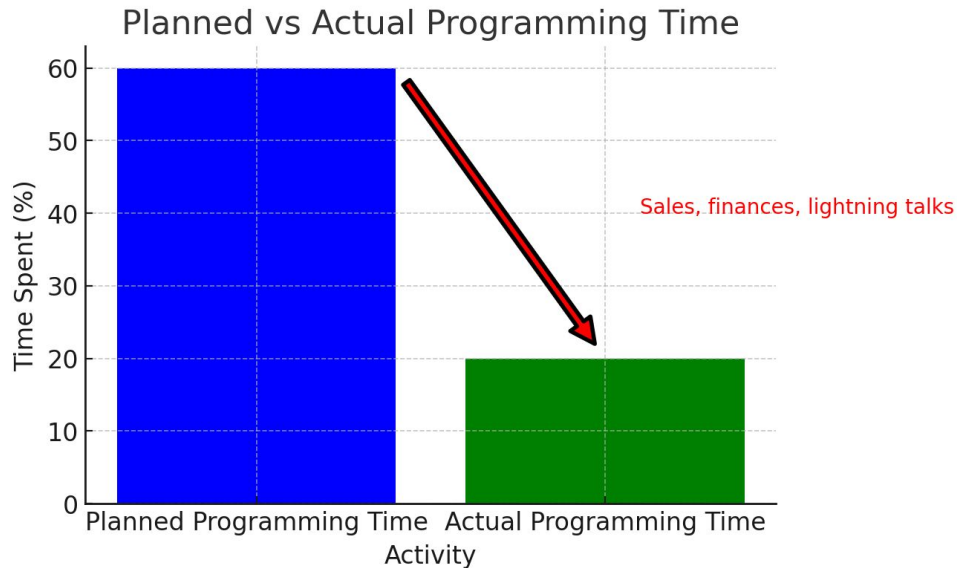- Once you commit, you have to stick with it

Tiny

✓ Full or partial cash out

✓ Deal size ranging from $1M–$300M

✓ 30-day process

Make sure you buy a business- not just code

- Realize if you are playing the "build from scratch" game (and avoid it)
- If you delegated programming, would the business still run?
- Systems, sales/marketing, customer support make money. **Code doesn't.**

It's all on you. The users depend on you being there!

- Something breaks? **You have to fix it**
- Even if you delegate this, it's up to **you** to train, guide, and monitor them
- Having a peer network can help a lot, but **they don't solve your problems**
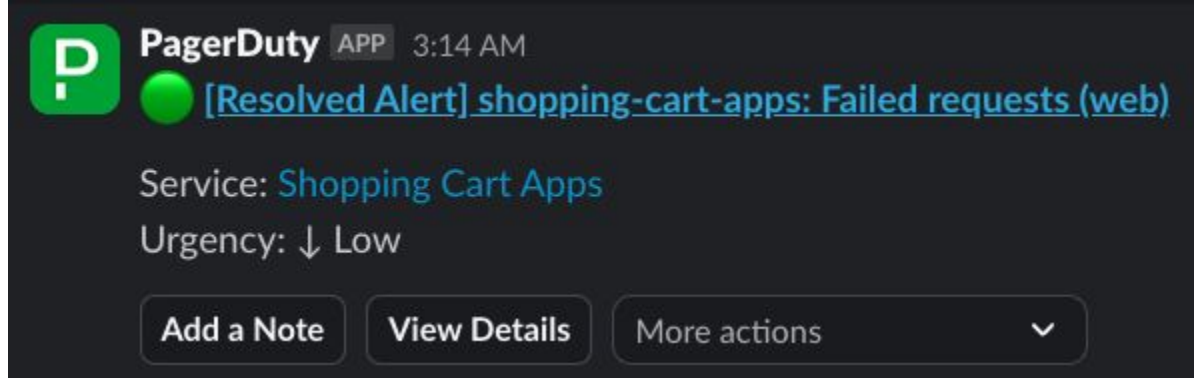
Don't repeat my mistakes!! Onproof was a disaster

This site can't be reached

Check if there is a typo in onproof.services.
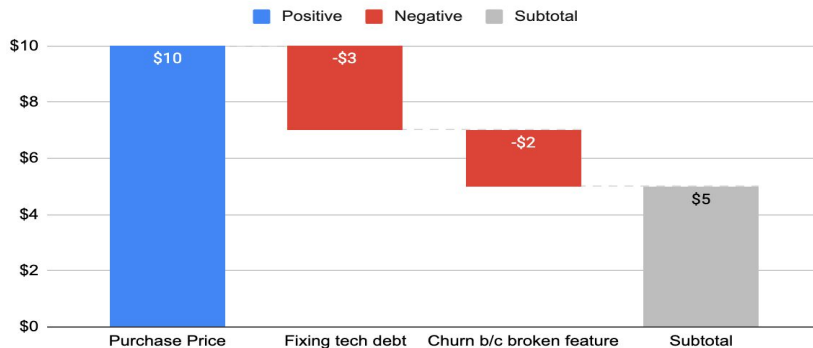
DNS_PROBE_FINISHED_NXDOMAIN

Reload

Agenda

1. Intro
2. This is a business
3. **Tech debt is real debt**
4. You could go a year without making progress
5. If that doesn't dissuade you
6. Q&A

This can seriously kill your investment

- Your time is worth money
- Every incremental hour/dollar in the business **must be worth it**
- You can defer it, but you have to pay it off:
  a. Reduce earnings by delegating the fix
  b. Make users upset because that thing broke
  c. Reduce the price you sell it at 3 years from now

Illustrative example of purchase price decrease due to Tech Debt

Legend: Positive (blue), Negative (red), Subtotal (gray)

- Purchase Price: $10
- Fixing tech debt: -$3
- Churn b/c broken feature: -$2
- Subtotal: $5

The loan you can't avoid

- There's no other way to do it. There will be some amount of tech debt
- But if the code is broken, imagine what else is…
- Sometimes you have to prioritize other work before fixing tech debt

Many-a-tech-debt-story

1. Create four tables for each user
2. Tables have between 1000-100,000 rows
3. Now do that for 2600+ users <u>every hour</u>

Oh, and ½ the tables must be dropped in order or everything might break

Agenda

1. Intro
2. This is a business
3. Tech debt is real debt
4. **You could go a year without making progress**
5. If that doesn't dissuade you
6. Q&A

"I don't want to sell, at your terms, at that price, etc"

- Buyers and sellers often "kick tires" and just ask questions
- People's lowest and more irrational moments are when they lose something…businesses are no exceptions
- If you want to commit, you need the "can't stop won't stop" mentality

But don't rush it

- This can be a frustrating period, as you are sinking time and money into this investment and **getting $0 return for months**
- I've seen people become "full time searchers" and end up empty-handed
- "Be quick, but don't hurry"...these can be life changing in a good or bad way
- **Be patient and creative**

Summary	Small Local	Large National
Search Costs	3,000	12,500
Dead Deal Cost	45,000	80,000
Closed Deal Cost	45,000	80,000
Equity Requirement	26,148	44,094
Cost to Close w/10% Equity, 1 dead deal, 2 years	**119,148**	**216,594**

Agenda

1. Intro
2. This is a business
3. Tech debt is real debt
4. You could go a year without making progress
5. If that doesn't dissuade you
6. Q&A

You'll learn a ton with fun people, and earn money

- One of the steepest and prolonged learning curves out there
- Meet the most fascinating people and businesses, along with seeing your creations come to fruition and be validated
- Financial rewards aren't bad