POD OF JAKE
#115 - BRIAN ARMSTRONG
AI-GENERATED TRANSCRIPT

Jake 02:18
Thank you, Brian for taking the time and join me on the show today. I really appreciate it. I've been looking forward to this conversation since long before I even knew it happened actually. So really cool to finally get to do it. You're the co founder and CEO of Coinbase, which most people know. But you're also the co founder of a company called new limit, which is on a mission to extend the human health span which something that you know, myself and a lot of listeners care a lot about. And then you've also co founded a project called Research Hub, which is aiming to accelerate scientific research. Another great problem, huge problem. And, you know, so while I imagine most people listening, probably know you and probably know Coinbase and have used Coinbase. For years. I think the best place to start would be when I started most episodes just asking you to tell your story from as early as you were willing to start to where you are today and talking about some of the decisions you made along the way.

Brian Armstrong 03:12
Yeah, that's great. Thanks for the intro. And as I started listening to your podcast, I was kind of shocked to hear the amount of overlap and interest that we have. And of course, Coinbase is still my, you know, my main job and everything and but I've had a chance to help a few other companies get off the ground in longevity and everything. It's kind of remarkable the amount of overlap in our interests. Okay, so the story, what is my story? Well, I guess, you know, if you go back to me, as a kid, I was kind of shy and introverted. I was, started learning how to play with computers at a young age like probably, I don't know, fourth, fifth grade or something like that. And my family was we had computers in the home because my mom worked at IBM as a programmer. So I had a chance to start to learn about computers at a young age. And I kind of became fascinated with them. And in high school, I was learning how to make websites and do simple programming with PHP. And my friends and I would start, you know, little, little businesses, I guess, you know, one of the first ones I started was reselling computer hardware online and trying to make it easy for people to checkout and, and buy that kind of stuff in sort of an early ecommerce scenario. This was I guess, probably like around the year 2000 or so. And I remember thinking, this is really exciting, I build something I'd go to sleep, I'd wake up in the morning, and

like, you know, maybe 500 People had had viewed this website I've created and it just felt like a superpower, I was able to make something that created value for people all over the world, even while I was sleeping, and that somehow just gave me this this kick. So I didn't really know exactly what I wanted to do with my life. But that was sort of an early hint. And so going into college, I decided to study computer science. I also wanted to learn about business. They didn't offer a business degree at Rice University where I went to school, so at least at the undergrad level, so I ended up studying economics and instead and so computer science and economics. It was this really interesting combination. Which, of course, you know, fast forward many years later, starting Coinbase, it was the perfect kind of intersection to start that company. But of course, at the time, I didn't know that I was I was really kind of felt lost, I didn't know what I wanted to do with my life. A lot of people who were around me in school, they weren't really starting companies, most of my friends who, when they graduated, you know, they went to do I don't know, McKinsey, or investment banking or something like that. So I was sort of unsure what I was going to end up doing. And in college, I started another business with my roommate at that time, it was a tutoring company, we were basically helping high school kids find tutors that were college students, and it was called University tutor. struggled for a long time to try to get that to work, and have it generate some real growth. And it was sort of like, barely, you know, it was allowing me to like pay my pay my rent kind of thing, but it was like, ramen profitable, they might say, and, you know, so I couldn't, I couldn't figure it out, cracked the code on how to get that thing working either. So I decided to go get a real job, quote, unquote, real job out of college. One of my advisors at that time was saying, Hey, if you want to learn how to run a company, maybe you should go work at a company. And I've done some internships at big companies like IBM doing writing software and things like that. But I kind of had a sense, like, I don't really want to work at a giant company. And I ended up going and doing consulting at Deloitte, believe it or not, which was not a great fit. For me, actually, I only lasted there probably about three or four months. And the theory was that as a consultant, you were going to go and see the inside workings of a number of different companies. And that was true, I was going and seeing that, but it was really through the lens of like enterprise

risk management. And I was basically just checking off boxes on spreadsheets, and you know, doing some simple data processing and stuff like that. And I just had this sense, like, this is not going to work for me, you know, even like simple little things, which shouldn't have mattered, like, you know, you had to be at the client site at like, 8am, or something. And I was just, I was always a night owl, I was like, wide awake at night. And I couldn't, I was a zombie in the morning. And so I was just sleep deprived all the time, and I wasn't a good fit. So after four months of that, I decided to actually quit. I was like, I'm going to try to work on this, this tutoring company that started full time, I'm going to try to really be an entrepreneur make a go of it. There's lots of sidetracks we could get into here, I you know, I briefly, I lived about a year and went as far as Argentina, because I was trying to figure out what I want to do with my life and travel. And, you know, I was learning a lot of things at that time, I was learning about investing and building, you know, web apps and mobile apps. And I tried probably like five or so different business ideas around that time. And by this time, I was I was kind of, you know, maybe 28 or something 2728. I felt like kind of a failure to be honest. I was, I was like, you know, my friends had all been making good money at different jobs out of school, I felt like I was kind of broke. And I didn't really know what I what I was going to do because I was basically a failed entrepreneur. And, you know, through a series of events, I finally decided, you know, what if I'm if I really want to be an entrepreneur, I need to move to Silicon Valley. That's kind of where the major leagues are, if you will, I need to stop doing all the other stuff that I'm doing. And really just focus on that. And I want to, and I need to actually go join a startup for a little while, I felt like doing it on my own, I was not succeeding. And so I went back to the Bay Area, I joined a startup, which eventually I joined Airbnb, it was an early employee. And of course, that was a very successful company. I got to learn a little bit more about Y Combinator and meet some investors. And eventually, when I finally read the Bitcoin white paper, that's what got me to, you know, apply to Y Combinator actually get accepted. And, you know, within six years or so, the thing was worth over a billion dollars. It was, it was an incredibly fortuitous moment. But if I tie these things only makes sense. If you look back in hindsight, right, it was the degrees you studied in school, you know, living in Buenos artists, Argentina, I

got to see a country had gone through hyperinflation, that that kind of helped me understand Bitcoin many years later. Building all those like webapps trying those different ideas, the tutoring company, seeing what worked, what didn't work, you know, understanding how to process payments for that for that company. These were all little pieces of the puzzle that later came together and clicked and I think, you know, but when the time that I finally finally decided to, like, burn the ships double down on I'm going to be a tech entrepreneur, I need to move to Silicon Valley, stop doing all the other stuff, focus. It was within maybe six years of that decision that I felt like I was really on my path, I had found some success. I was doing what I was meant to do in my life. And, you know, I was probably 3536 at that point. And so yeah, that's a little bit of a journey of how I got there

Jake 09:33
are much appreciate the story. It's super interesting. And there's a lot of elements that I would, you know, dig into I think, well, first of all, going back to your comments at the very top and saying, you know, it's remarkable how much we have overlapping interests you can imagine from my seat, it's like, I'm looking and you know, Brian Armstrong is interested in all the same things as I am and not just you but also like metallic and, and Balaji. everyone's interested in not just crypto but also long. Gravity and steady building and things like this. And to me originally, like, these things were most interesting because I thought they just had the most potential to have like huge, huge impacts in the world, obviously, if you extend human health span, you know, revolutionize the financial system, and perhaps the internet, and build new places to live potentially with better governance and things like this. These are just like huge, huge problems. I think worth going after, because if you can have 10 or 20% impact, even in any of these areas, it's like a huge thing versus going after a small problem and crushing it. It's like, Well, okay, you know, that chips away, but it's not really maybe moving the needle on, like, the super optimism that I think, guys like us share. So, you know, listening to your story, I think, first of all, you know, really appreciate that, because I've heard pieces, bits and pieces of your story on other podcasts. But humbly, I think I might have got the best one here, or the best version of it. There's a lot of serendipity in

your story. Like you sort of mentioned, I love the Steve Jobs, quote, you know, you can't connect the dots looking forward. But you look back, and like his calligraphy class sort of informed fonts at Apple and comparably, like you're, you know, being in Argentina and seeing hyperinflation, and being at Airbnb, and realizing issues with sort of international payments. These things were all like, super critical for going and ultimately building Coinbase. I'm curious, like, looking back at your 20s, you know, you mentioned like, 2728, sort of feeling like a failure, it's sort of a refreshing thing to hear, because you see, like Zuckerberg or Vitalik, and these guys like 1920 years old, whatever, they go and start some huge thing and sort of hit it on their first try. Or maybe they had other tribes before that. Who knows, but very, very young. And so everyone's sort of assumes they have to go and start this huge thing when they're 20 If they want to be successful entrepreneur, but here you are as like a great example of you know, and there's others, I think Bezos quit, you know, his job and like his 30s and Anatolii. He just went and started Solana, I think he's like 40, there's plenty of examples, counter examples, but people just assume like, I need to go and start this thing right away. But there might be valuable that sort of gives you advantages, if you sort of delay a little bit, whether intentionally or not, and learn a lot before you go and start. So I'm curious, like looking back at your 20s now, and you know, having experimented a lot gone and lived in Argentina, everything like this? Are there elements that you sort of chapters that you wish you could have maybe avoided or skipped? Or are you sort of grateful for all of it? And sort of the way that things turned out? Going eventually starting Coinbase? Sort of later on in your 20s?

Brian Armstrong 12:39
Yeah, well, I think I certainly no regrets. That's one of those things about human psychology. I think even if people take a detour, or they even face some big setback, unlike something I experienced, but even if they have some major setback, generally, I found people are resilient, they look back, and they wouldn't trade it for anything. They feel like it makes them part of who they are. So I think that's generally true. You know, I wouldn't I hate to say even at 29, or whenever I started Coinbase, it wasn't maybe 30. It's not like I wasn't an old person by any stretch of imagination, right? I think

you're right, like people, I've met a lot of people who are in that age range, and they and they feel like, Oh, it's too late. I wasn't Zuckerberg or something, which is so silly, of course, in hindsight to look back on and I think, whether people are 40 or 50, or you know, hopefully someday 300 years old, there shouldn't there should never be like a wrong time to start something. One of my life philosophies is that, no, you should basically go do the most ambitious, exciting thing you can think of, regardless of what age you are, or what time it is, or if it's the right time, like it's one of those things where it's never the right time, you just have to kind of go do it. And one mistake I see people make I think, is that they basically, they will come and say I am working on this startup idea. And they'll tell me what it is. And I'm like, Okay, well, how Why are you passionate about that? And they'll say, Well, you know, I, the thing I'm really passionate about is blank, but I don't think I'm ready for that yet. I think that this is the thing I'm working on now is just like a good idea. Like it'll make a bunch of money, or it'll allow me to get a foothold somewhere, I just see an opportunity to market and in the back of my mind, I'm always thinking, Hmm, it's probably not going to work when with this thing that they're doing. Because usually, if you think something's gonna make a lot of money, you're like, I'm not that passionate about it, but it probably will make a lot of money, or somehow, ironically, it usually doesn't. And then if you when I see people doing something, and they're like, I don't know, I just think this is so awesome. I can't like imagine how it's ever going to make money. But there's something I'm just like, super excited about this. Usually is somehow it ends up making a bunch of money or it has a big impact. And so there's actually it's kind of a heuristic for like what to work on is you should basically just work on the thing that you think is most awesome and the most interesting, because usually other smart people think that as well. There's a lot of funny examples of this where, you know, Justin Khan is a friend and of course he he's sort of famous for starting justin.tv Eat, which literally was the idea of him wearing a camera on his head and live streaming his life, right, which is not a business in any sense of the word. There was no like, idea to monetize that or anything, but a bunch of people invested in it, because they were like, I don't know, this was novel at the time. And it was like, This just sounds funny and interesting. Like, who is this guy, it's like a crazy idea. And of course, later,

it turned into Twitch, and it sold to Amazon for a billion dollars, right? And so that you never could have predicted that justin.tv was going to turn into Twitch, but it's just people following their passion and following their interests. So anyway, I always everything that you do is hard. Even if you try to do a, quote, simple idea, it's going to be hard. So I think you should just try to do the most ambitious, the most exciting thing you can imagine. And once you have a little bit of success under your belt, usually your your range expands, you start to think about okay, not I'm not just gonna start a tutoring company. That's like the biggest thing I can imagine, maybe I could start a billion dollar tech company, maybe I could try to recreate the whole financial system for the world. Maybe I could try to have humans live forever, right? And so you start to think about things that are even more and more ambitious, as you see a little bit of success.

Jake 16:02
Yeah, no, I totally agree. And also, like reset about regrets, I think, you know, it's sort of easy for me to say I'm young and pretty fortunate haven't really had anything devastating happen and knock on wood. But I think it's at this point, it's a little bit easier to realize and appreciate that I think looking back, like regrets are somewhat of a choice. And you can choose to see everything is happening, as having happened to get you to where you are today and sort of be grateful for that. Or you can regret this thing and that thing and just sort of like, what's the point, I don't really see any utility into sort of having these regrets, you can't go back and change it anyway. And of course, you can learn from things. But regret seems to be sort of like to the extent that you can avoid them. Not by doing everything correctly, but by sort of appreciating all the various steps in the journey. I think that's worthwhile. And I liked what you said about the 300, possibly we could live and start your first company at 300, or ever sort of teasing the longevity conversation that we'll get to later. But before we do that, I want to talk about Coinbase. Obviously, you're your primary focus these days, and has been for the last decade plus Coinbase mission is to increase economic freedom around the world, you know, one of those very, very bold, ambitious missions that you referenced. And so for those who don't really know what economic freedom is, or why it matters, and how

Coinbase or crypto could potentially make an impact. Can you talk about, you know, what it is why it's important? And how you guys, you know, aim to increase it?

Brian Armstrong 17:33
Yeah, sure. So economic freedom is a concept that I got really excited about the first time I read about it, and you can go look it up on Wikipedia, there. It's one of these terms that economists use kind of like GDP or something like that. But economic freedom is a composite metric. And it basically looks at different countries around the world and it and it looks at a bunch of factors like is there rule of law? Are there property rights? What's the prevalence of corruption and bribery in the economy? How easy is it to start a business? How easy is it to join a business that you want to work at? And so you can think of it as a broadly, you know, how well does the financial infrastructure work in that country? Even things like stability of the currency or inflation? You know, it basically, if people try hard, you know, hard things like starting companies, can they? Can they keep the upside of their labor? Is there tons of bureaucracy and corruption that slows things down? Or is or is basically a free market that allows people to go try new things, and if they work, you know, capture some of the upside from it. So that's sounds like kind of an esoteric concept. And it might be like, you know, you might ask the question, like, Well, why is the mission company based on that? Why did Brian get so excited about it. And the cool thing about economic freedom is that this relatively simple set of ideas, like you know, property rights, that you can actually own things, it actually tends to correlate positively with things that we want in society, not just things like GDP per capita, or kind of economic metrics, but even things like self reported happiness of the average citizen, you know, better treatment of the environment, better income of the poorest 10% in society. And even it's negatively correlated with things like war, right, and, you know, destruction of the environment and stuff like that. So it's this kind of mind boggling concept, which is, you know, because people typically if they try to create all kinds of ways to get that in the world, like, hey, if, you know, if we want to make sure that people have good incomes, like we need to subsidize farmers who are growing a certain type of crop, right, and there's all these kinds of interventions that, you know, policymakers and the general

public tends to want to do in the economy. But it's economic freedom is kind of the saying this idea that if you let free markets operate, and you allow people to, you know, have good financial infrastructure and keep the benefits of their labor, you tend to actually get even better outcomes in society than then when we try to intervene and put our thumb on the scale in various ways. And there's a lot of good reason around this, there's various organizations that publish rankings of different countries around the world with different economic freedom scores. So you know, for instance, Singapore and New Zealand, and, you know, even the United States, although we're not even in the top 10 anymore, have pretty high economic freedom scores. And these are generally countries that if you just saw a list of them, you can look it up on Wikipedia, you'd say, Okay, those are, those are like places where I could see myself living, right. And generally, the lowest economic freedom countries are places like Sudan and North Korea and Cuba and places like that, where there's just tons of corruption and not stable currency. And it's difficult to get anything done tons of bureaucracy. And so you know, what I realized? I think when I read the Bitcoin white paper back in 2010, towards the end of that year, I realized that cryptocurrency and really just Bitcoin at that time, this was a way to inject or create good financial infrastructure or economic freedom in countries all over the world. Because think about it, if you traditionally wanted to go do that, let's say you wanted to improve economic freedom on a global basis. How do you how do you improve like property rights, you know, globally, in you know, 190 countries? Well, I mean, you'd have to almost like go into one each country one by one like Argentina or something and say, Hey, how do I run for office? How do I create a different culture? How do I create new laws or something around like, around seizure of property? And, you know, like, the inflation issues that that country has faced, right? And that would just be impossible. I mean, it's impossible probably to get it done in one country, let alone 190 countries. And so, you know, one of my beliefs is that technology is one of the greatest levers to improve the world, whether that's in any any big issue, you know, education, like health care, climate change, and financial services is another one of those like, we're living in this golden age where technology innovation is allowing people to have a huge impact on the world. And when I read the Bitcoin white paper, I said, this could be a technology that

spreads globally, that creates good financial infrastructure. Just to give you a simple example, like property rights, right? With Bitcoin, you know, you can have a 12 word phrase, a wallet, for instance, that you can just keep that in your head. And if someone sends you crypto sends you Bitcoin, or you want to store in your own wallet, you know, nobody can take that away from you. There's no bank that can be nationalized, there's no account that can be confiscated. There's no you know, fiat currency that could be inflated away. And this sounds like such a simple thing. But it's a foundational piece of having a healthy, functioning, growing society that uplifts all people. And there's many ways that cryptocurrency is sort of uniquely suited to economic freedom, for instance, you know, economic freedom also looks at free trade and globalization. Right. And cryptocurrency is inherently global. It's it's inherently cross border, it's just as easy to send it between you and I in one country as to send it to somebody on the other side of the world, right? Bitcoin is inherently deflationary. So it all is that this the stability of the currency or the inflation issue, which gets abused in a lot of countries around the world. So you can go on down the list. And it turns out, cryptocurrency is one of the best technologies ever invented, to improve economic freedom. And I had this realization that we, as a relatively small group of people at this one company at Coinbase, and as an industry could essentially, improve the economic freedom on a global scale, which, which had never been attempted before. And I just couldn't get that idea out of my head. And so I felt like we had to get started and go do something with that.

Jake 23:34
Yeah, so you know, you mentioned as a small team early on, obviously, it was it was a one man show to begin with. And then you brought Fred on as co founder and started hiring some employees. And I read something interesting, or maybe I heard it, I forget. But I think 2017 You had like, on the order of maybe 100 employees, when we were headed towards like the top of the hype cycle for, you know, the crypto markets, and sort of overnight, you went from like, I think you 10x The number of like your record daily signups went like 10x, between one day and the next. And then I think you might have 10x, again, like the next day, so I'm like, 100x, you know, maybe it wasn't exactly two days or whatever, but roughly something like that. And so, you know,

100 employees back then that's like five years ago. Fast forward, five years forward, you guys have a team of a few 1000 people, you know, pursuing the same mission in which I thought it was really interesting to see like this was very clearly if you go back and read like old blog posts of yours, the mission has not changed from day one. And you just the only difference is it was like, you know, one guy working on it versus now you've got one guy leaving 1000s of people working on it and a much better probability of it actually, you know, coming to fruition which is awesome, but how have you like dealt with, you know, just that sheer like speed of growth of an organization? Obviously, there's a lot of successful startups and very few but some that sort of achieved the The scale that you guys already have, but what are the challenges of scaling from like 100 people to several 1000 over the course of, you know, just a few years. And on top of that, like, this isn't just a normal industry with like, even if it's like exponential or hockey stick growth for a normal startup that might be challenging enough to deal with, but you guys also have to deal with like the hype cycles, and just a very volatile environment. And I'm curious, like, you know, how that's gone, having not really done anything like this before, and then you're stuck in a situation where you have to scale, you know, so rapidly and in such a volatile environment?

Brian Armstrong 25:35
Yeah, well, you're absolutely right, this industry is a little bit unique in the sense that, you know, a typical SaaS company or something like that would probably grow, you know, 20 to 100% a year. And that's, that can have its own challenges in itself, just, you know, finding great people and getting all the decision making working internally, which we can talk about. But in crypto, it tends to grow like three to 500% in a year, or two, and then it'll go negative 50% in a year or two, and then it'll repeat these cycles. So every cycle ends up at a new plateau. So it's going, it's growing upward in a channel, if you kind of normalize it over a five year period, it's probably growing, you know, I don't know, 50 to 70% of yours or something like that. But in any given year, it's completely up or completely down in a very stressful way. So that's sort of unique to our industry. You know, that that caused us to do a number of things. I mean, one is that when we were in a huge growth surge, usually it was all hands on deck, just to keep the the app up and running. From a

scalability point of view, we had, you know, huge kind of backlogs of customer support, there was there's periods in our history where people were very frustrated with us, given you know, we might have had like 200,000, kind of unread customer support tickets, because of the growing 500%. In the years, just, it's just unprecedented, like kind of in business history, it usually doesn't happen. And then you know, we finally get everything staffed up would be great. And then, you know, things would cool off for a few years. And we'd have to make sure that some of these fixed costs that we had turned into variable costs, you know, whether that's using kind of outsourced vendors or using, you know, AWS, you can turn servers on and off really, you know, per hour or per second, right, instead of, you know, buying a bunch of fixed infrastructure. So there's a lot of lessons like that, that we learned along the way, we also learned about kind of capital allocation, right, like in the UP periods, we would be incredibly profitable. And we'd try to stockpile cash and not get too ahead of ourselves. And then in the down periods, we would tend to burn a little bit of cash. And so we were not like, consistently, you know, having the same positive margin throughout that whole period. But we had to kind of, again, zoom out and not get too disillusioned and down periods not get too exuberant and up periods. That's something by the way that I think, as a public company, now the public markets are still learning about Coinbase. And crypto, because this is the first time as a public company that they've seen these cycles that we're going through, but I guess yeah, just to zoom back out. The other challenge is, in terms of growing a company like that, I mean, one of the big ones is just hiring enough great people, you know, hiring is always so difficult for every company. And the temptation of a lot of companies is to compromise, when you're growing quickly. It is to bring in somebody who, you know, it's like, we can't see any kind of major issues. Could they do the job? Yes. But we're not excited about this person. They're not raising the average on the team, they're not teaching us something in the interview, they're not way better at us than some of us with something on the team that they need to go do. And so having an extremely high bar for, for hiring, while growing fast, I think is one of the most difficult things. That's something I've tried to instill at Coinbase. And I say it over and over again, you know, if you're not a Hell, yes or no, if you're not sure, round down, I'd rather miss out on the occasional great candidate that we

are processed, accidentally weeded out, kind of a false negative then then to have a false positive, meaning hire someone that's the wrong person. So we've tried to keep a really high bar on hiring and then also have, you know, pretty rigorous performance management process. And I think that's one of the key things. We've also moved to being a remote first company that's allowed us to, to just expand the top of the funnel in terms of great talent that we can find almost anywhere in the world. They don't. Previously, they had to be in, you know, within a half hour commute or so at one of our few locations in the world. And that was like a huge challenge for Coinbase growing up because we were in the Bay Area. And we were competing with, you know, Google Facebook, but also hundreds of other high tech startups for this rare talent. And that created this real scarcity mindset. So yeah, finding great talent was a big one. And then every time a company grows to another level where you know Dunbar's numbers like 150 people, you can kind of keep all those people in your head, you know, everybody what their name is what they're doing. It's relatively easy to get everyone on the same page and you can maybe go to a couple 100 People like that. But once you get to 500, you know, or a couple 1000 people it's like every time you hit one of these new levels, communication and decision making, in my experience, you kind of have to completely redo that. And there's a variety of things that we learned along the way there, including using decision making frameworks, like something called Rapid that we use, which I can talk about if you want. We also the way communications get done is, has changed in the sense that you can't just get everybody to room and say things, something once you kind of have to say it multiple times through multiple channels through multiple people and have messages cascade down for the org and have everybody, you know, singing from the same songbook. And so there's not like a game of telephone where information gets lost along the way. And you sometimes you just put out a one pager and everyone's like, kind of reading the script or make sure you say that the all hands, you've said, you read it in the blog post, and you send out email afterwards, like three different times three different channels, sometimes three different people, they all need to hear, say the same thing. And that then you can get messages to stick inside these orbs. So you know, there's a variety of things. And I'm sure that as we keep growing, there'll be a whole

other level layer that will will do at a at our next size and scale. But those are some of the things we've had to learn.

Jake 31:08
Right? So you mentioned rapid, I think sounds like a decision making framework or process of some sort. I always love, you know, new decision making frameworks and effective ways to make communication more effective and things like that. So we'd love to hear about rapid if you can share.

Brian Armstrong 31:23
Yeah, so there's a couple of these out there. There's no magic about this one in particular. But I think decision making frameworks in general art good and rapid is one that I think Bain created, the consulting firm and a number of companies have adopted. But the idea is that you clearly distinguish upfront, you know, who is giving input to this decision, and who is the actual decider sounds like a simple thing. But often what happens in a company is, you get a bunch of people together, and everyone starts discussing. And it's not actually clear who who can veto this versus who's, you know, just giving input who can actually decide, and the default is that it'll go to the, you know, the CEO, the person at the top if it becomes contentious. And what that means is you have a bottleneck, basically, every every major decision has to run through one person. And as you scale to a certain size, that just doesn't scale at all. And so part of the the idea of Rapids is, before you get into some massive debate and battle lines are drawn and everything, you know, okay, decide, hey, this person, this director, this VP, whatever you kind of push, push decision making down and the word, they're going to be the side, but each of you have input. And there's a couple other technical terms in there, there's a recommend, there's a, you know, an agree, which is kind of like, you know, you can think of as maybe having a veto, but I won't get into too many details, right now, the main concept to know is that you clearly delineate the roles up front. And the other key piece of it is you make everybody write down their input in a document. Another big challenge, you'll see an aurochs as they grow is that, you know, hey, a bunch of people had a bunch of one off conversations and someone late in the process, we'll jump into like, hey, you know, finance or compliance or legal or engineering or whatever, they didn't

have a chance to weigh in on this decision. And so they'll try to jump in late in the process, and everyone's getting frustrated, or worse yet, a decision will be made. And then they'll they'll want to be revisited A week later, a month later, a year later. And there's a lot of revisiting of decisions that happens. And so in the rapid your, the goal is, okay, identify the key people who are going to give input on this don't, by the way, don't, you shouldn't have like, you know, 20 people or something, they should cap it at, like probably, I don't know, like three to three to 12, or something, Max is sort of the sweet spot, get in, then you get ready to write their input in the document, as once they've discussed and everybody has to go read the document. So nobody can later say, Hey, you didn't hear what I my opinion. This is also another common thing that happens is I didn't feel heard, I tried to raise this point in the room, but I got someone talked over me or there wasn't time or we were rushed. So if you've written it out, if you've written your input in the document, and we know everyone has read the document, you know, it gives people a great sense of surety that they've now felt heard. And so once you've read everyone's input, you get together you discuss it, you can update your your your decision, your input or your decision in the document. The decider at that point is then responsible for rendering a decision, promulgating it to the people who are involved in the rapid, and at least anybody who disagrees, which frequently happens, by the way, because you want to have a culture where people can disagree. The worst thing you can commit is kind of putting a fake agree in the document when you actually secretly disagree. That's like, that's one of my big red lines not to cross and I've really tried to crack down on that if I ever find out that it happened. But once people, you know, have we've reached a decision you've been if you were to disagree in the document, we then you're asked to disagree and commit, right? This is a concept that we borrowed from Amazon and other companies. Which means that yes, you can disagree but now that the decision is made, you need to work really hard to make it a success, even if you were to disagree, because we're all going to move forward together as one Even if there was disagreement, vigorous debate in the room, and now you've got a clear, you've got a good process, we heard from all the relevant stakeholders, we made sure that everybody else heard their opinion. We this isn't a committee, you know, it's not like everybody can veto it, there's a clear one clear decision maker.

So you move forward, you disagree and commit, if you were disagree, and then hey, if in six months, we look back, and we say, we made the wrong decision, we've now got a nice audit trail, we can go back and read that document and say, where did we go wrong? Let's do a retrospective. And I think in my experience, this has really improved our decision making, and it's helped us scale as a company.

Jake 35:36
Yeah, that's really interesting. And I think I can't imagine, you know, I've enough difficulty trying to come up with the best ways to make decisions and make quick decisions and good decisions just on an individual level, let alone, you know, trying to install sort of a process for great decision making on a multi 1000 person organization. But certainly to date, if the results are any indication, it's going well, and I'm sure you know, the next 10 acts and employees will sort of force another adjustment or evolution and, and all of these processes that you've installed. And, you know, looking forward to seeing how things develop, you mentioned that, you know, remote first, going remote first, sort of around the time of COVID was sort of a big unlock sort of opening up that, you know, top of the funnel, you don't just have to recruit people in San Francisco anymore, you get sort of the whole globe, and just a much larger talent pool. And of course, a lot of people are now open to that talent pool, but nonetheless, just a lot more smart people available. And if you can sort of put the right magnet or like that symbol out or whatever from coin base, then obviously, you'll get a lot of those people applying. And that's all good. I know that you guys started actually having remote employees, I think back in 2015, or 2016, basically had some engineers who were like moving and you know, didn't want to lose them. So sort of started to experiment with that, and had, you know, several years of experience with at least a partially remote workforce before having to flip the switch and or deciding to flip the switch and going remote First, what do you think, you know, advantages were gained? And having that experience, which not every company had? Being remote for so long, at least partially, with some engineers and the like? And then what are some of the things that you think are harder? We're still only like, two years into this right? Or something like that? What are some of the things you're still trying to figure out that are just hard problems? And you know, we haven't had enough time to experiment

to see what works and what doesn't work? So what are the things you're still trying to figure out about remote? First?

Brian Armstrong 37:36
Yeah, well, I think you're right, being remote as a remote first company, which, by the way, just the word remote First, in our case, just to define, it just means, you know, you can go into an office if you want, but no one's required to. And we have some shared office spaces and in a variety of cities, and we also have some people who just never go into the office, and that's fine. So it's, it's basically everybody has to work in a way that's conducive to remote work, even if you want to go into an office, which is totally fine. But you're right, we did have a chance to kind of beta test this in a little bit of way. We did it out of necessity, you know, it was so hard to hire great engineers being in the Bay Area with the competition for talent that we just decided out of necessity, we wanted to allow some remote engineers, and the thesis we had at that time was okay, well, if you have 20 30% of a team is remote, it can kind of augment an existing team, that still meeting in person. And you might need to hire those people that are remote in a way that they're very self sufficient, you know, they don't need a lot of training. And they're, they're great communicators, because, you know, if you only have like, a couple hours a week or something like that, to really sync up with the rest of the team, you need to make sure you're really hearing what they hear what they're saying the first time, and whatever you're saying, they're, they're picking it up. And so we would hold an even higher bar for remote engineers, at that time, to make sure that their communication was top notch, they were self sufficient, etc. Fast forward to COVID, we realized, okay, we're going to be forced to work remote here for a while, we might as well just embrace it, and see if we can really capture the benefit of this and mitigate the downside. So the benefit, of course of remote work, and part of why I'm still committed to it and Coinbase is going to continue on this path is that it allows us to just hire better people. And the reason is that it literally like 100 x's, the top of the funnel, the hiring funnel. So again, if you think about what percent of people in the world live within this half hour or 45 minutes of one of the offices that we have in the world, it's probably less than 1% of the global population, right? Maybe it's maybe it's a selective

group, because it's in major cities or something like that. But you know, it's still a tiny, tiny fraction. And if you open the top of the funnel, say we can hire great talent from any location. It literally 100 X's the scope of the people that you can find and so just solves one of the biggest problems in business period, which is how do you Find great people. My belief is that everything in business actually comes back to great people. Because if you want to, you know, make great profits, you have to have good products. If you want a good product, you need to find great people to build those products. Basically, every problem that you have in a company, something that's not going well, you can trace it back to, you know, a great hire that you need to make or someone internally that you need to promote. And so it all comes back to people and remote first solves that problem in a really massive way. So that's the upside. The downside is that being in person helps a lot, right, it helps with bonding and trust, it helps with creativity, it helps with spontaneity and innovation, it helps with training and development of employees, like, you know, I've certainly been in office environments where you go walk by someone's desk, and they're like, Hey, I have a quick question. You see them do something like, how did you do that so fast, you know, and I want to copy that or, like, teach me how to do that. And so it's just exciting. There's a lot of ad hoc conversations that happen around the proverbial water cooler are usually more like over meals. And you hear things you learn things, you laugh at things, you know, you feel a sense of camaraderie, which is really important. So that's the downside in a remote first environment, it's harder to recreate that. And you know, you can, you can force it a little bit, right, like, for instance, in your one on one conversations with your manager, or at the stand up meeting with your team, we try to encourage everybody at Coinbase to inject something that's not specifically work related, right? Like, you should just have a at the beginning of my exec team meetings, right, we often will go around and like, alright, what tell me something awesome, like that you did this weekend, or what's like something in your personal life that you're really struggling with, or, you know, it's a little bit of like, therapy, or whatever. But it's also a little bit of bonding, and it's a little bit of, let's, let's just get to know each other as human beings, right, because like, Alright, we're gonna go grind through this thing for many years, but we have to, like, form real human relationships here. So you can

do that a little bit in a remote environment with by injecting time for things like that. But we also have said, you know, what, we're actually going to try to really encourage not force but try to get everybody an opportunity to get together in person, at least once a quarter. Now, I will admit, we're not quite there yet. And this is one of the things we're still learning is we're trying to actually automate and systematize. How do we get all 5000 or so employees, together with some set of their employees, not not the whole company, but like, you know, either with their team or a set of their peers, or some kind of like off site, like other employees who work in Austin or whatever city they're in, we want to try to get people together, at least every employee once a quarter, we're not there yet. Because we need to do this at scale, it's actually requiring a whole other skill set, where we need to get certain properties and certain locations where just every week, there's a couple of teams meeting there. And there's a lot of logistics, and, you know, hotels and flights and things like that, and costs associated with this. But I think if we can get that to be once a quarter, that's a good baseline to make sure that there's some of that camaraderie, training, development, etc. happening with in person, but we also get the benefit of the top of the hiring funnel increase. So that's our current approach. And I don't, we don't plan to have it all figured out. I think we're going to have to keep iterating on this. But we're, we're committed to making remote first work at this point, I think it's going to be a big advantage for us long term.

Jake 43:17
Yeah, I mean, because getting together in person with just even a subset of other people at the company is such a difficult problem at scale, like you said, you know, it's easy with a company of 12 people, everyone buys flight, and you get to Airbnb or whatever, it's easy enough, but 1000s of people distributed all around the world, very difficult. But I think all the more worth, you know, explicitly addressing and, and trying to solve, because probably not all companies at that size are going to solve it, because they're just not going to spend as much effort. But appreciating the importance of that in person once in a while, I think will be it will be great. And I can't help but wonder if VR might play a role as well. Maybe not this year, or next year, but in a few years, because there is sort of an

increased presence, you know, a feeling of presence where if you go, if you've ever put on, you know, the Oculus, or any of those headsets and like you go into a room, you get the same leads for me, like I get the same sort of feeling. It's like, I'm walking into a bar. And I don't know anyone. When I go into like Facebook horizon or something like that, I've spent like very limited time and that thing, for whatever reason, I think it's super cool. But I guess other people, I don't really know any other people in there or whatever. And I just sort of haven't spent time, I'd like to spend more time, but I wonder if that might play a role, as well. Yeah,

Brian Armstrong 44:31
I'm glad you mentioned that. Actually, I was gonna say that too. And I completely forgot. But I'm pretty bullish on VR, and especially for the workplace. And I actually do think that's probably going to be a big piece of the puzzle for remote work as well. I've definitely been playing around with horizon workplace and yeah, basically, the Oculus platform and I think you're right, like those little things where, you know, someone's to your left and you hear it in your left ear and you look over and you're kind of making it Contact, and it actually does start to recreate a lot of that spontaneity around the office. And I think that could be a really big piece of the puzzle. So I've been, I've been trying to think about how to do some small experiments around that. Like, I think we might have our first exec team meeting kind of in VR or something like that, and just try to work through some of the bugs. And it's not quite ready for primetime yet, I don't think but it's gonna get there. And I think that's a big deal. So yeah, I'm glad you mentioned that.

Jake 45:24
Yeah, I think I don't know if companies are doing this already. But I think at some point, it'll be like, it's popular to issue VR headsets, and whatever the latest and greatest is to all of your employees, like it would be to issue a computer to a new employer or whatever. And it's like, you know, this is, this computer is where you do your work. And this VR headset is where you join these meetings, or whatever. I think that could be, that could be pretty interesting. But I'm circling back a little bit on like, the challenges of scaling. You know, we talked about people, people, first and foremost, most

important element, everything comes back to people, but also resource allocation, you know, not just people and their time, but the actual money that your core product, the exchange is bringing in. You know, there's there's lots of challenges with like how to how best to allocate that, you can always argue like, oh, maybe this investment would be better, whatever. And you guys, it seems like you've landed on. So far as I've heard, like a 7020 10, split on like the core product, versus sort of, you know, ancillary like related products, being 20%. And then 10%, towards more of like venture bets, and moonshots and seemingly crazy ideas that that just might work out. And I'm curious, I think, like, the motivation for this is basically to ensure that Coinbase is not a one hit wonder. It's more like an Amazon, or, you know, an apple, or Google or Facebook or something like this, where, not in every sense, but in the sense that, you know, multiple huge successful products, iPod, iPhone, computer, everything like that. And so I think that's part of the motivation, but how did you come to the actual, like, 7020 10 split, and what are like some representative investments of, you know, allocations in those various categories?

Brian Armstrong 47:09
Yeah, so I think this is a great point to bring up. And it is a defining characteristic of Coinbase. Because you're right, we had our first product that got product market fit with basically buying selling crypto, in a simple, easy to use interface. And we could have just scaled that right, there was plenty of work to do there, we could have launched it with more assets, more payment methods, more countries, and really just saw that mature as a brokerage and then extracted profit out of it and, you know, return capital to investors, or eventually shareholders or something like that. But what I realized, at a certain point, this was kind of one of those big forks in the road for Coinbase was, Do I want this to be really a one product company, that maybe you know, we sell it or it just bring that to maturity. And then if you have another idea, you know, go start another company or something like that, or I want this to be a major tech company that eventually, you know, builds a portfolio it has, it has a real culture of repeatable innovation, and repeated innovation is one of our our values actually, as a company. And for me, I decided to do the latter. And I decided to do the latter for a few reasons. I

mean, one was just honestly, it was kind of a personal, you know, selfish reason, which is, I just like to build new stuff. And I thought, you know, I think this was like a really, having a company is a really good vehicle to be able to build new stuff. But secondarily, I also thought it was just a much better business strategy, because, you know, if you have one line of revenue, well, you know, it can go up, it can go down, it can kind of mature in the in the S curve. And usually what happens in those companies is like, you know, the early people sort of get disproportionate rewards. If things are on the upswing, you sort of attract a different type of employee and leader into the, into the company that, you know, and then once it matures, you, you've been ringing people who their job is really to like, minimize costs, and just extract like the most margin out of it that they can, and it's not really like that exciting of a place to work anymore. And I said, you know, what, I think this industry, this crypto industry is just getting started. This is like, you know, late 90s, early 2000s for the internet. And we have the potential to build a whole bunch of really cool stuff here. If I if I want to keep attracting the top people in the world to work with, if I want to make this one of the biggest tech companies and financial service companies in the world, we're going to have to have a portfolio of different bets. And you know, not all of them are going to work out part of having that that repeatable innovation culture is having risk tolerance, right? It's knowing that if you make a bunch of bets, some of them aren't gonna work and then you double down on the ones that are and you shut down the ones that don't work. That's kind of this capital, outriggers capital allocation, right? But that means you're gonna have a more exciting company means you're gonna have a bit more impactful company, it means that we have a better chance of actually accomplishing our mission of increasing economic freedom in the world if we can help with you know, not just buying and selling crypto, but can we help with payments and borrowing and lending Doing in commerce and now web three and maybe make a cloud platform. And so this is where I came upon this the 7020 10 resource allocation. So I borrowed this idea from Google, I think they're the ones who came up with it as my understanding. And you know, it's a simple idea, which is that, don't forget about the core of what is making most of your money today. So that's put 70% of the resources towards the core, whatever it is, you know, at least you can define it however you want. But

roughly, it's like anything, that's more than, say, 20% of revenue. And it's profitable, it's something that scale, the 20% of your resources goes to what we call strategic or adjacent bets. And these are things that, you know, it's serving, it's probably serving the same customer base, yeah, today, but it's with another product or service that you feel like is very close to what your core, but it's not quite for today. For us, that would be something like, like our staking business, right, or even our institutional business started off as this adjacent bet, but it's now become core. And that's been a really interesting business for us. And then 10% of your resources, put it towards venture bets, things that are higher risk, but if they work could be massive. And you know, don't go crazy, but 10% of your resources is a very reasonable amount to put towards that. And we've done that with things like you know, Coinbase, wallet started there, we have Coinbase, NFT, there Coinbase commerce as they're kind of making merchant tools like Stripe for crypto in there. There's a handful of others, like new protocols that we're developing and things like that. So anyway, that's our current resource allocation. And it's not that there's something magical about 7020 10. The funny thing I noticed as a CEO, is that this question just kept coming up in the org. You know, I go to sometimes I go to like, 10 meetings in a day. And a couple people in one meeting would ask me, like, why are we doing so many things? I can't believe we're so distracted, like businesses have to be more focused, you know, why is this other team exist? It's not making any revenue yet. My team needs more people were making all the revenue, right? Then I'd go to another meeting. And some employees would ask me, like, how can we be ignoring this major new trend that's happening in crypto, you know, like, whatever the new thing was, was right, you know, whether it's like Dallas, or defier, or NF T's or whatever. It's like, how are we we can't we can't be ignoring this, we're no longer on the forefront of crypto, like the whole industry is moving to this thing. And and I realized there's this fundamental tension right between, you don't want to lose focus on the core, but you also don't want to be a one hit wonder and not like, move to the next iteration and build a portfolio. And so it's not so much that 7020 10 is the thing, it's that you need to have some some way of answering that question. And 7020 10 is the most reasonable way I've come up with at least it tells people hey, this isn't just like random, it's not just Brian kind of waking up today.

Today, I want to do extra, I don't want to do X, it's there's some sort of, you know, framework behind it. And we do try to measure this, and we roughly are at 7020 10, sometimes it goes a little out of whack. And we try to adjust it every quarter or two. But that's been another important key part of what it is to be at Coinbase. It's, we're always investing in the core, but we're always making reasonable capital allocations to try new things. And if one of the you know, if some of those things work, we'll double down on them. And they eventually become strategic and become core. And if they don't, we shut them down, or we divest them in the amount of investment has been relatively minimal to the point where it's not a huge cost.

Jake 53:24
Yeah, I think, you know, if everyone is somewhat or reasonably equally and reasonably equal, and how angry or upset that they are, that they're not getting enough budget or whatever, then maybe it's about right, if if the the time present, people are much more upset than the court, and the court people are like satisfied, and maybe it's, it's overrated to the core, and you can flex that way. But everyone might be a little bit upset. But hopefully everyone you know, with the reasoning understands why you're doing what you're doing and gets on board or disagrees and commits and, and whatever. But so and then there's Coinbase ventures as well, which I'm not sure how that plays into things. But you guys are not doing everything internally, you're also investing in tons of tons of companies like basically, I think, one of if not the most active investors in crypto and web three. So basically, if someone wants to start an initiative internally, they want to spin out and go do their own thing externally, you can fund them and basically just, you know, it goes to show like you guys aren't just all talk with you know, we want the whole space to grow, we want to grow the pie, not just are part of it. You guys are you know, your actions are very much aligned with that messaging. I think one of the the other interesting things about Coinbase that I was sort of surprised actually and preparing for this conversation to learn more about and understand a bit better is that you know, Coinbase and well, you know, before it was really coin base when it was just you sort of deciding what you wanted to do and how you want to do it. You made the somewhat contrarian decision I think and strategy to you know, like an outreach to regulators and try to be fully compliant and

educate regulators from the early days. And it was contrarian because the whole movement Bitcoin and everything was obviously sort of founded on a very decentralized sort of, you know that that was a huge value of Bitcoin and crypto that followed and working with regulators seemed sort of out of place to some but obviously worked out tremendously today. And people I think, still hang on to that legacy reputation. Of course, you guys are still working with regulators and everything like that. And you have to do KYC for the core product. And want to continue, you know, you've got 100 million users are over 100 million users, and you want to continue up to a billion and beyond. So core product and working with regulators remains very important. But at the same time Coinbase is not like all in on centralization, by any means. If anything, I think you guys are leaning in harder and harder on decentralization as time goes by. and the Self custody wallet, I understand is doing very well. More recently, you guys launched the browser, which I think is really interesting. So curious to hear, like how you reconcile having started centralized, but now more and more, sort of leaning into decentralization and Coinbase, you know, not looking at like uniswap as a competitor, but actually offering people the opportunity to go and, and use uniswap through the Coinbase app through Coinbase browser. It's just an interesting sort of paradox. And in a way that I think, maybe sort of a mainstream misunderstanding right now, at least about, you know, how centralized or decentralized this coin base, actually, and how might it be in the future?

Brian Armstrong 56:33
Yeah, I mean, I think you you articulated what we've done really well, actually. So I have to give you a lot of credit, most, most people I've talked to who go to cursory research on the company and come in, don't have that good of an understanding. So you clearly did your homework. Yeah, so you're correct that Coinbase started off, really, with this idea of, hey, let's go work with regulators to make this this industry mainstream. And that was with our initial core product, which was really a brokerage or an easy way for people to buy and sell crypto. That was a contrarian thing at a time, because a lot of the early people in crypto were kind of, you know, anarchists or, or whatever want to call it hyper libertarians or whatever. And, you know, I think that that was actually a really important part of the community. But one thing I realized early on was that, for this to

become mainstream, we would have to kind of, we couldn't just fly under the radar, right? You know, I remember one of the analogies we looked at early on was like, was like Bitcoin, right? Like, Bitcoin is a totally decentralized technology. And arguably, it changed the world, but it never really went mainstream, right. And never, because, you know, it always had this kind of black market tinge to it or something like that. Whereas, you know, other companies were able to take, you know, I don't know what iTunes or YouTube or whatever, and they were able to kind of help these some of these things reach more of a mass market, it probably is probably a better example with like, email or something, right, a truly decentralized protocol. But anyway, long way of saying that we made a decision to kind of go talk to regulators early on, and try to do this in a very regulated Well, establishment way. I do think that's one of the things that really defines Coinbase as a brand, it's still to this day, I think we're the most trusted brand out there in crypto, you know, we were the first public company to do that we work with all regulators out there that do that. And a lot of it is us being an educational resource or trying to be helpful. It's also trying to just, in the absence of clarity, do something reasonable. Because, you know, if you sit around and you wait forever, for there to be regulatory clarity, you're probably going to fail as a business, because it's just regulators take a long time, they usually will wait for something to develop a little bit before they put in rules. And that's a good thing, because they don't want to put in rules that would be inappropriate, or, you know, hinder it in some way. And so you need to act in the absence of complete clarity, make sure you don't violate any laws. But if there's no gray area, or it's just it's nobody's really figured it out, do something reasonable, continue to have an open dialogue with regulators. And then as clarity emerges, you know, make sure you're a part of that discussion in that process. So that's what we've done so far. And that largely, our initial businesses were centralized and regulated financial service businesses, which needed to follow these rules around AML and KYC, etc. So that's great. I think we've been a leader there. And then you're correct, that we've increasingly embraced decentralization over time. And the reason is simple. Early on, you know, crypto was so small, we needed to help people get all like the fiat money in the world into crypto, we needed it to be that reliable bridge for retail customers, institutional customers in the US and

every other country of the world. And make those the markets develop, you know, with the exchanges and the custody and derivatives markets and things like that. And so that turned out to be the best business model kind of for the first 10 years of crypto as well was was the exchange business. And I think we played a key a key role in helping, you know, make that legitimate and trusted and help a bunch of fiat money in the world flow into crypto. So now a bunch of people have crypto and what we've been excited to see in the last five years is the crypto to crypto piece is finally developing We saw this in you know, starting back in kind of 2018 with like, defy, and we saw it with people raising money with crowdfunding. And we've seen it with NF T's now and dowels. And just more and more things are finally developing in the purely crypto to crypto world, the crypto economy, as we call it. And so that part I think can finally be more decentralized. It's, and that's part of why we've invested so heavily in Coinbase wallet, which is our self custodial wallet, you know, people would always kind of tease me on Twitter and stuff like that early on with Coinbase. Say, it's not your keys, not your crypto. Look, I agree, right? Like, if you want to have a self custodial wallet, we have, I think, the best one in the market. Now, from a trust and ease of use point of view and a functionality point of view. It's enabling people to access all of web three through the browser, it's sort of natively integrated, if you will, that you mentioned earlier, we've done a lot of really cool stuff around like layer two integrations and making it easy for people to swap currencies and bridge currencies. And, you know, we just need to make the whole thing simpler and simpler to use, because it's still, I think, quite complex for the average person to come in. But what's great about these decentralized crypto products, like our self custodial wallet, is that we can, you know, those are regulated is really more like a software company, not a financial services company, because we're never taking possession of customer funds. It's kind of like you might do payments through your web browser. But your browser is not a financial services company. And so that's allowed us to have Coinbase wallet, be launched in a whole bunch of countries very quickly. We've got a lot of users in emerging markets, but also in developed markets, where people are sort of doing the most tech savvy, cutting edge stuff, there's less of a barrier, I would say for there's less like, the customer experience is better in some ways, because it's not trying to satisfy all of

these kind of antiquated regulations. In some cases, it's really trying to satisfy the customer experience. And so in a weird way, the you know, because the software industry is less regulated in financial services, I think the customer experience is actually better. There's even better consumer protection in some ways, ironically, which is kind of a counterintuitive idea. The best consumer protection in my mind is low switching costs, right? If you can, very easily move your stuff to another wallet or something, if you're unhappy with the current wallet. And if there's low barriers, meaning there's lots of different wallets to choose from. That, to me is the ultimate consumer protection. Whereas, you know, if you're like a giant bank or something like that, there's just there's no competition, because it's so hard to get new banking licenses. Now, there's like I think, been almost none issued in United States, like in the last 20 years or something like that. So anyway, this is a counterintuitive idea. But I think it's actually creating better consumer protection. And it's it's creating more innovation in the purely crypto to crypto world, the decentralized world, the crypto economy, that's where we're seeing the most innovation, the fastest innovation, I think it's going to create the most economic freedom for people around the world as well. So we're fully in on embracing decentralization, and we're gonna keep investing in those products as well. Yeah, I

Jake 1:02:58
think it's a, it's a really interesting balancing act, where you still, you know, you're not done with part one, yet, you've got 100 million people, but which is, you know, amazing, but you're going for a billion or 2 billion or 3 billion, or whatever it might be. And at the same time, you're trying to sort of appease the people who have already been in crypto for a while, and they're ready to go play on the cutting edge and interact with Texas and you know, buy and trade, NF T's and everything like that, and hopefully some more cool use cases in the future. So it sounds like it's a tough balancing act, but one that you guys have signed up for, and you know, all of this goes towards the mission. So hopefully a lot more cool stuff coming in the future for Coinbase. We could talk about Coinbase for a while longer, I imagine but I definitely want to get to new limit. You know, the the company that I mentioned at the top of the show, you've co founded, the mission is to radically extend human healthspan, we dropped a

little bit of a teaser at the beginning, or you did rather about, you know, maybe in the future, we could live to 300 years. This isn't yet common to think that way. But I've had you know, a dozen or more guests on the podcast today that are working on aging directly. And that's not you know, solving heart disease, or cancer or Alzheimer's, all things worth solving, if we can, you know, very difficult problems, lots of money going into them already. Everything like that, but not as much money to date going into, you know, attacking aging directly. And can we, you know, slow the rate of aging by 10% or 20%. Or sort of, you know, rejuvenate people by 10 or 20 or 30% Once they get to age 40 or 50 or whatever. Are there various treatments that we can do and, you know, how can we make progress here if we apply technology to this, you know, Formula thought to be impossible problem that people haven't really tried that much because it is impossible. And that's what what new limits going after. And specifically, I think you guys are targeting the epigenetic reprogramming of cells, which is basically in layman's terms, like everyone has a bunch of cells, all the cells have some DNA and then The epigenome determines what part of the DNA is activated and turns that DNA into like different cells somewhere and I might be butchering the science a little bit. But basically the epigenome over time as you age, like things start to go wrong. And it's been shown that, you know, can you, you can impact epigenome and turn, like, for example, a skin cell into a brand cell, or, you know, even take a cell, and like an old mouse, I think, and sort of revert it to like an embryonic cell, and then create a new mouse, which is just crazy. You can't do this in humans, I don't think like things go wrong. And I think things go wrong into mice and like, and things like that. But nonetheless, there's like a few markers of hope that have been discovered in the last 10 or 20 years. And you've decided to take a good chunk of your fortune, and put it into this company to fund it from day one for the first few years, at least, and go and attack this problem, I guess, in the free time that you have from, from working on that number one problem to increase economic freedom at Coinbase. So I'm curious to hear you know, how's new limit going so far? Where do you see it going in the future? And yeah, that's, I mean, what's basically what's the status? I know, it's still super early, and sort of what's the dream and the roadmap for the next several years?

Jake 1:02:58
Yeah, well, again, that was a great description. And I think one thing that's been really cool to see is that we're living in sort of a golden age, I think of software, innovation, and fortunes are being made. And so you know, if they're, if someone is lucky enough to get a software product working, and I do think like a software company, all companies are incredibly difficult to start. But if I think a software company is a little bit easier, right now, just you know, there's there's lower capex, and there's higher margins, so you can be a little, you can make some mistakes along the way. And anyway, I think for people who have made some money in software, it's kind of cool that we're seeing some of that money getting put now into hard tech problems, right? Physics and Chemistry and Biology and things like that, because those areas tend to have less dollars that go to them, they're higher risk, you know, higher chance of failure, arguably, probably lower ROI from like a venture capital point of view. And so it's cool that we're seeing some of that crypto money and just software money flow, generally into aging, and all these kind of, you know, rockets and you know, all kinds of things, right? So that's really cool. You know, I got excited about trying to help out in this space, really, after Coinbase went public. I was thinking, Okay, I've got I've got some liquidity now from this company I've helped build over the last 10 years. What do I want to do with that? Right, like, you know, I could basically donate some to charity, I could, you know, spend it on personal consumption. There's lots of things I could do, right. And I, the thing that I'm passionate about in the world is like, how do you how do you improve the world with science and technology? Again, I think science technology and innovation is probably the best way to improve the world. I think it's kind of weird that my mind there's this like, tech lash kind of vibe that happens in the world, sometimes, we can even talk about that if you want with like mainstream media and whatnot. But in my mind, it doesn't really make sense. Like, if if you want to try to improve the world, a lot of people their default letter to poll is to go try to change policy or to try to get government to intervene in something. And in my view, those things typically, you know, they're inefficient, they have negative, you know, unintended consequences. We could go through a bunch of examples, but you know, it even if you study things like dahlias book like, you know, the changing world order, you know, you

can go back and look at civilizations throughout history and a lot of growth and all like human progress basically comes down to innovation, which comes from science and technology. And science technology comes from great education and economic freedom. And so anyway, trace these things back. One of the ideas I got most excited about as I was basically hosting some dinners with friends of mine, and just like interesting scientists, and people, and I would basically just ask them kind of what are the most interesting problems in the world that you're working on. And,

Brian Armstrong 1:08:59
you know, this idea kept coming up around around longevity, and it's a field that hasn't traditionally gotten much investment because, you know, I think there's some, there's probably like 100x, or maybe even 1,000x amount of dollars that go into a cancer research, for instance, as opposed to longevity, and a lot of the ideas that have been discussed for a long time they've been, they've been the same ideas that were discussed, like 10 years ago, right, like parabiosis, and things like that. Sort of young, you know, young blood and different experiments people did on mice. And I realized, you know, okay, I spent the last 10 years of my life working on this company, I want to keep building companies for many decades to come. And you know, I feel like Coinbase, for instance, is just getting started. We're in the very earliest innings. The next 1020 years is going to be like, the real growth opportunity, right? For crypto and everything that we're doing there. And I had noticed in the last 10 years just working hard and whatnot. I was like, you know, I already noticed a difference in my, how I feel my physiology and everything. And I you know, I was like, Go going from, say 29 years old to 39 years old, I felt like, you know, it was hard, it was harder to pull all nighters or something, right? I had less energy, right? Or if I got injured or something would take longer to recover, I even felt like, you know, my short term memory seems like it's a little bit worse, right? I, if somebody tells me like five different things, and I, a minute later, I have to go through them. And I can't remember all five, exactly, or whatever, right? And there's little things like that, where I was like, Oh, my gosh, what if I only have a decade or two or something left to really try building cool things. And to have an impact. I mean, that's kind of that would be really unfortunate. There's,

there's people who I know who, you know, they've had a heart attack and died like 53, right. And, you know, I'm sitting here 39, I'm like, Wow, maybe I have 10 years, 15 years left, if I'm, if I'm unlucky, right. So even if you don't, by the way, if you don't like actually die at that time, they're just people have less energy, they have less cognitive ability to learn new things, right. And so there's kind of this sweet spot of once you're actually educated as a human, you've gone through 25 years or whatever, of education, and now you can start to sort of positively contribute to society, you only get 25 years to positively contribute before you're kind of in the later the later years. And you started to think about, okay, if there was some way to kind of solve the meta problem here, because a lot of these diseases, you know, diabetes, and cancer and heart disease, and, you know, mental decline and everything, these are actually diseases of aging. Right? They're not, they're not like a lot of people are trying to solve the individual disease. But young people don't get these diseases. And so if you could somehow, like you were saying earlier, rejuvenate the cells or delay the onset of aging, then it would sort of solve an entire category of diseases at once. Now, this sounds like a pretty difficult thing to do. But as I had more of these dinners, and had friends come by, I started to hear this idea of cell probe cell reprogramming, come up more often. And, you know, I think you gave a good description of it earlier, it talks through this idea of, you know, can you use transcription factors, which are basically proteins to kind of convert a cell to another state. And we saw in 2006, with the Yamanaka paper that won the Nobel Prize that you could convert a skin cell back to something pretty close to an embryonic stem cell. Now, people have showed that you can convert a cell, one type of cell to another, as you mentioned, and there's people who have shown more recently that in various labs that, you know, if you kind of post the Yamanaka factors and various ways you can sort of rejuvenate cells to some degree. And so it seems, it seems certainly worth investigating that there could be some set of transcription factors, which could make a cell into a younger state, not necessarily differentiating it into like, a stem cell or something like that. But actually, to just have it functionally be younger. This is an exciting idea. I think it's there's the we're seeing more investment dollars come towards this space now. And I was lucky enough to find, you know, I'm not a scientist by background, right, I have a kind of computer

science, economics background, and have gotten some experience building companies. But I realized the first thing I had to do was find somebody who had this deep science background. So I was lucky enough to find a friend of mine, Blake Byers, to jump on this journey with me and kind of helped create this company, we've now we've got about an almost 10 people hired. So get, you know, keep holding a high bar moving, moving slowly to make sure we get the right culture in place. We've got our lab set up in South San Francisco, and we're hiring really, you know, amazing people to come in and help build the future of this technology with a really unique culture. We're not trying to build this as like some, you know, Ivory Tower, academic institution, it's really intended to be kind of like a fast moving, really high potential company kind of more like SpaceX than the NASA if you will. And that's an analogy I like to use. And, you know, we're hiring functional genomics scientists and immunologist and machine learning people and operate people in the ops background lab ops. And so I would encourage anybody who's interested there to kind of check out the new limit site and visit our careers page. Yeah, so it's been a really exciting journey, it's got given me a chance to learn a lot about science. And I'm really just participating as an investor and as a board member, so less of any kind of operational role, but I hopefully going to be able to help a little bit to make sure that it has some of the great culture that has helped Coinbase be successful and some of the lessons learned there and bring it to a biotech company that has the potential to really change the world for for all humankind in a really positive way.

Jake 1:14:26
Yeah, I think it's super interesting. I stoked to see when you and Blake made the announcement. First, I think a few months ago, or maybe several months ago and just to have someone as you know, you're very prominent, obviously, overall, and in the crypto space and fortunate to well, you know, you earned your money, but a lot of it and so you have some to allocate to things that you care about, and I was just thrilled. I don't think at the time I really was aware of how sort of into the longevity stuff you were and so it sort of caught me by surprise, and I was just like, it struck me as a sort of a big moment for the space overall to get Get some real attention from from someone, you know, with big funding and, and go after it in a serious

way. So really excited to see everything that comes from that. And, you know, people listening, go to think of new limit.com. And if you're interested in the space and you know, regardless of what your skill set is, put in an application and see if it works out. I'm sure it's a great place to be and, you know, exciting things to come in the years ahead. I know we're coming up on time. But you mentioned the sort of tech lash, I think you said, and the issues with mainstream media tend to take very dystopian view of tech and a very negative view of tech and its founders and everything like that. And I know you're really interested in new media, you know, you're here on the podcast today. I'm not a mainstream guy by any means. So obviously, appreciate you making the time to coming on. But why is it so important to you to support new media and maybe not give mainstream media quite the access that they're accustomed to getting sort of for free?

Brian Armstrong 1:16:01
Yeah, so I think there's a really important shift that's happening in the world. And it's been happening for a while. If you go all the way back to the early days of the Internet, with Craigslist, and whatnot. They were disrupting a key revenue stream of traditional media, which was classified ads. And that was kind of the first shot in a in a battle, I guess, the opening salvo. But you saw more and more of this happen, where there was a decline in ad revenue across traditional mainstream media, you can see the graphs of it. I mean, it's just been on the decline for the last 1015 years, whereas the ad revenue going towards Google and Facebook and places like that was just on the upswing. And so, you know, what's, I think, a very clear anti tech bias essentially emerged in mainstream media, because their industry was being disrupted by technology. And it's kind of like asking, you know, going to Pepsi and asking for a fair review of coke or something like that, right? Or, if you want to, like, you know, get an unbiased opinion of FedEx, like, don't ask ups, right? You don't you don't ask competitors, or don't ask the horse, the horse and buggy makers, what they think of automobiles or whatever. So, I think this is widely misunderstood, because, you know, especially in places like the East Coast, in sort of, like, the over 40 crowd, or whatever, mainstream media is still considered to be an authority, a source of truth, in sort of more traditional institutions, and like, say, with regulators

or public market investors, and so it's been interesting, you know, to reach our core customer base, I generally will do new media, I've, you know, I put like, kind of 80% of my time external comes toward new media at this point, which is podcasts and YouTube and, you know, Instagram Tik Tok, like, whatever, that's where we're reaching. The younger generation is all there, I think they they placed that kind of on a higher level than they do mainstream media. But our sort of traditional audience, which might be institutions for institutional business, or public market investors, or even regulators, policymakers in DC, they are, it's frankly, it's an older generation, I think they are still, they still view mainstream media as a source of authority. And we still kind of put 20% of our, my resources towards that, because that's kind of the right channel to go reach those people. But I can tell you, it's very frustrating, you know, operating a tech company where we'll get inbound inquiries from traditional journalists kind of like almost every week, where they're kind of saying, Hey, we're about to write this, like, really negative story about x. And x is just like, it's completely false. It's like, where are they getting this, these crazy theories and, and, you know, it's like, oh, you have like, 48 hours to respond, or we're gonna write this like, really negative thing. And so it's kind of like, you know, it feels like you need protection from the mafia or whatever. It's like, Hey, we're gonna come break all the windows in your store, like if you don't engage with us. And, you know, a lot of it is just like really misguided, like false information that we now need to employ a team of people like this. Basically, a lot of what comms teams do in tech inside tech companies is they, they just get on the phone with journalists, we're about to like, publish false information and try to convince them not to do it. And I don't want to say like, all mainstream media is bad. I don't that would be much too extreme of a statement. I think there's probably like five or 10% of the industry that are like still doing good work. And they're like, not biased. And I tried to basically develop personal relationships with a handful of journalists that I that are in mainstream media that I do think are really smart and doing good work. And they can write their stories. And so I'll still engage with with them when I have a chance. But I think the trend is pretty clear. And in five years, it's going to be even more clear where every company I think, should basically be building their own direct communication channels with their core

audiences. So that's Things like, you know, having a podcast having a blog, I think they, I think we're even gonna see tech companies kind of go further than that make like documentaries, like maybe even TV shows and in print magazines or whatever if they want to. So that's increasingly important, you need to have a direct line to your audience to kind of both correct the facts when something in false gets published. But also, just to put out generally good news, because, again, I think technology is the most important way, it's the best way to improve the world right now. And the positive stories of tech are just not being told, you know, if you if you go read, like the business section of the New York Times, it's basically like an anti business section. In my view, it's basically stories about companies that they think are doing bad things, or they're things that are just not even related to business at all. It's kind of bizarre. And so, yeah, I think that's a that's a really negative thing that's happening in society, I think we should be encouraging more young people to go start companies try to improve the world, whether that's healthcare, education, climate change, you know, financial system, whatever, like the the best ways you can probably improve these are through technology, innovation, and starting companies. So that's a little bit of my view.

Jake 1:21:12
Yeah, I hope this changes. I agree with you on basically everything I think that you said, and I liked the analogy of Pepsi and Coca Cola, it's like Coca Cola as if they advertise themselves as the truth. And then they said, you know, Pepsi socks and touch these evil. And it's like, that's, that's so obviously ridiculous. But that's like sort of analogous to what happens with media companies today, and tech companies trying to build and make the world a better place. And whether they are or not, is another story. But I think the vast majority of founders and entrepreneurs and builders are at least trying to do something positive. And a lot of them certainly our last question for you, I think, you know, obviously, you know, Coinbase, having built it for 10 plus years now, tons and tons and tons of work. And, you know, now you've decided to lop on, on top of that. Some other projects, and not just new limit, but also research up and give crypto and understanding these things aren't taking very much of your time. But still, it's like, it's a lot of work. So I'm curious, you

know, how do you keep this insane work ethic, but also try to manage, you know, avoiding burnout? Are there anything that sort of, is there anything that you do that sort of influences like, how do you design your days, your weeks or months or years? I know, Coinbase has like a quarterly week off? That's sort of required? What are some things on a personal level? Like, obviously, you're amazing at organizational design? And presumably, you've you've thought about sort of personal life design as well. I'm curious about sort of some of the habits and, and things that you think about?

Brian Armstrong 1:22:44
Yeah, sure. I'm glad you mentioned research up to that's been another really fun company, I've had a chance to try to help get off the ground and the team, there's doing amazing work trying to accelerate scientific research and improve a lot of the inefficiencies there. So we'd love people to check that out as well research hub.com. And it's got a crypto component to it, which is cool. Research coin, which is rewarding people for contributing content to the site and things like that.

Jake 1:23:09
Not to interrupt, I have a question on it. But I note we have like literally three minutes left. So I don't know if you want to go over or not five. But go ahead on the existing question, if you

Brian Armstrong 1:23:18
want. Yeah, we can go over just a few minutes. But you wanna talk about that real quick?

Jake 1:23:22
Yeah, so research hub. Basically, I think you just sort of stated the mission. And one of the really cool things I thought that I've already talked about is like connecting the scientific innovations and commercializing them and making a system that sort of automates that maybe not automate that, but facilitates that much more so than we see today to create more companies like SpaceX, Genentech, you know, others that sort of Google I think that that came out of the scientific innovations, and were applied commercially and super successful way. So how's research going to do that?

Brian Armstrong 1:23:52
Yeah, such a great point. So one of my theories is that there's just a huge divide between the scientific kind of academic community and entrepreneurs. And most like, I feel like 99% of startups that get created in the world, they actually have no scientific innovation behind them. But they should more of them should have an overlap there because like the most valuable startups are the ones that have scientific innovation, right? Like even Coinbase was based on a research paper, the Bitcoin white paper that came out right, or you know, Genentech, or SpaceX, or Google, like these were all came out of like scientific innovation, but most things that people create in the world, they're like, you know, they're either making some like new makeup company, and it's like, just using the same ingredients that it's basically it's a marketing company, like based around a celebrity or something, but there's no innovation really, from a technology point of view or, or they're starting like a small business like a pizza shop, or you know, a sandwich shop or something like that. And those are fine, but we just we have so many of those in the world that like the technology innovations, how do you commercialize technology and science, innovation? That's where you get these true breakthroughs? that really improve people's quality of life. So the theory here is that there's such a, there's such a gap between these two worlds, like most business, people don't understand enough science, there's even like a lot of pseudoscience, that there people are marketing out there and like a negative way, right. And a lot of scientists are just not really good at business, either. Like, they're, they're so academic or whatever, that they haven't had a chance to, like, even they even have like an aversion to money. They think that that's like, you know, you're corrupting your integrity as a scientist or something like that. Whereas I think of it as you know, the only reason people are giving you the money is because like, you made something that's worth more than the money to them. So, you know, it's kind of an interesting measure of how big of an impact you're having is like, what is your revenue from from the products you commercialize? So okay, so how can research help with this? Well, I would say we're, by the way, in the very early steps of this journey, so I don't claim to have made any kind of dent in this yet. But the overall idea is that one one thing is that if you try to go try to

read a lot of research papers that are very impenetrable in the sense that it feels like they're speaking a foreign language. And I think there's actually like a weird incentive, where people who publish research papers actually try to almost put a lot of flowery language around it. Because, you know, one, they're trying to make this thing that they did like sound even more important than it is because they're, they're operating in kind of a false economy, where like status and citations are the most important thing. Secondarily, they're trying to impress a very small set of their peers, who are other people in that that particular field, who are probably, you know, the reviewers in the journal who decide whether they get in the journal, which is what their entire career is, progression is based on. And so it's kind of disconnected from true market forces. And it's not written in a way that's intended to be accessible to a broad audience. By the way, there's a third reason, I think, sometimes they write it that way, because they don't want an average layperson to read it and interpret it as medical advice and go do something, you know, that's like, over interpret the results as being definitive or something like that. So one of the simple things I think we can do is just make scientific innovations. You know, basically write them in plain English, kind of like a Wikipedia article, which intent is intended to be written, you know, use the 2000 most common words in the English language, at least in the in the introduction and opening paragraphs, write it in the way that someone with a bachelor's degree or something like that could could reasonably understand it. And then if you need to get into more depth below, go ahead and do that. But like, it's so hard to just even read some of these papers in the new field to understand if there is something here you want to commercialize. Second, secondarily, let's say you did read a research paper and you decide you want to go try to build a product off of this innovation, or maybe a whole set of innovations, it's very hard to go license this, this, this technology, you know, oftentimes, you'll have to go to a university tech transfer office and kind of negotiate some bespoke agreement with a bunch of lawyers. And it's expensive. Whereas, you know, if you look at why is there so much innovation in software, part of the reason is that you can go on GitHub and or get, you know, get lab and just like look up any open source project, and there's an MIT license or an Apache license, and it's, it's an open source license, or even if it's a commercial license, there's often

like a button, you can click and you know, pay some put in your credit card, and like you have the commercial license, and boom, you just go back to work. You never have to call anybody, you don't have to talk to lawyers. And so in my view, this is what science should be more like. And so research, I think, has an opportunity to help first make these papers easily digestible by the average person that can be with like, making video summaries making plain English summaries. And then ideally, there's a there should be a licensed button, like, you know, right on right on the site for any kind of innovation. And it could either be totally open, like an MIT license software, basically free for commercial use, or it could be as simple like in a white commenter had created the Saft, like the simple agreement for or the Yeah, for equity, the safe sorry, the safe. And there could be something similar, like a Creative Commons license, some kind of a similar commercial license, which is like, Hey, anybody can go try to commercialize this, give me 1% of the revenue from it for the next, you know, of five years or 10 years or something. And we could probably make a standard agreement, you just click that button and a lot of stuff, you can just go back to work and, and try to commercialize it. So these are some of the ideas that we have. And I think we're very far from actually getting this fully realized. But that's a little bit of the direction that I'd like to go in.

Jake 1:29:32
Awesome. Well, I appreciate you sharing that. And I hate to go over on time, you've already been very generous. So we'll wrap it up here. But really appreciate you coming on and talking. And it's been a real pleasure and an awesome conversation. Hopefully, you know, I imagine a lot of people are going to enjoy it. So thanks again, Brian, and I'll let you go.

Brian Armstrong 1:29:50
Yeah, thanks, Jake. This was great. I appreciate it.