LendIt Fintech

the fintech startups podcast PitchIt

PITCHIT FINTECH STARTUPS PODCAST NO. 47-ADAM NASH

Welcome to PitchIt, the fintech startups podcast, one founder, one startup, one investor at a time. I'm your host, Todd Anderson, Chief Product Officer, LendIt Fintech.

(music)

Todd Anderson: On Episode 48, I talk with Adam Nash of Daffy. Daffy's mission is to help people be more generous more often. You know, when talking with Adam, you can tell that this is beyond just another rollout company or another startup, this really is a passion for him and a passion for charitable giving. Well, giving has always been a part of society, the last decade we've really seen the interest in not only giving, but social causes, environmental causes really take off.

Adam and I discussed his extensive background in technology, in startups, in venture, the mentality of working for a charity, a 501c3 and a typical for-profit venture, the top reasons that people forget to give even though they intend to donate, the technology that underpins Daffy, raising capital and much more.

Before we go into the episode, I just want to remind our audience, on May 25th and 26th in New York City, at the Javits Center, we host LendIt Fintech USA 2022. This is our first in-person USA event which is our flagship since 2019. We have a great line-up of keynote speakers, great line-up of tracks, more sponsors than ever before in various ways for you, the audience, to get involved. If you're a startup founder who've raised less than $30 Million in equity capital, you can buy discounted tickets, you can apply for them or you can apply for PitchIt which is our startup competition, same namesake as the podcast. Check out lendit.comforward/usa for all the details.

Now, without further ado, I present Adam Nash of Daffy.

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Welcome to the podcast, Adam, how are you?

Adam Nash: Great to be here, Todd, I'm doing great.

Todd: So, I like to just kickoff if you can give the audience an overview of who you are, you know, where have you been in terms of your professional career before starting Daffy, tell us a little bit abut yourself.

Adam: I don't know how much, it's so interesting. You know, one of liabilities of having been one of the original product guys at LinkedIn is that my LinkedIn profile is probably overly detailed because I had to try out every feature before it launched (laughs), it goes on too long. No, it's a pretty simple story, name is Adam Nash, I'm the Co-Founder and CEO of Daffy Charitable Fund which is new, modern donor-advised fund that we're working to build a community around focused on giving, right, and then making giving a part of your life, making it a habit.

I started my career, as a lot of people do, in Silicon Valley in engineering, actually my first job, I thought I was interviewing at Next and I ended up working at Apple in those rough days when Rhapsody was the code name for what became Mac OS 10 and not everyone was sure that Apple was going to make it. I've worked at a few startups, did go to business school, you know, was in venture capital for a few years, but really spent most of my time in product companies like e-Bay, LinkedIn. I was COO of Wealthfront till 2016 and fintech and also did some work at Dropbox and Greylock Partners and a few other firms, a lot of names in Silicon Valley, some of which people have heard of, some which not.

Todd: When it comes to, you know, your founder story, was it something that you've always been passionate about, I'm always going to be an entrepreneur. I mean, you mentioned you've been in VC, you've worked for giant corporates, but you've also been in a lot of early stage and venture-backed startup companies, what's the mindset that brings you back to entrepreneurship?

Adam: When you ever talk about any new company, many new organizations there's always two questions, at least like why build a new company organization, that entrepreneurship question, why be a founder and then there's also the question of which one do you do, what specific idea do you dive into. But, in terms of the question of why be a founder or why start a company, I'm a little bit idealistic about this, I'll happily admit. I believe that starting companies is a force for change, I think that when you launch new companies, when you build something that can be self-sustaining that magic between building an organization where people can do their best work, building a product in service that actually adds value for a huge number of people, I think that it's a very unique way to kind of change the world.

When I was at Wealthfront years ago, I used to tell the whole team that, you know, Vanguard is a great company, a great firm in the financial services space, like they brought low cost financial products to millions of people and there are probably millions of people out there who will have a better retirement because Vanguard exists, but Vanguard has helped so many more people than just the customers of Vanguard because their success has forced competitors to rollout low cost, high value investment products as well.

And so, I think that when you see industries......I've always been an optimist about this idea of using technology to build new solutions, enter new industries and basically force the market to change and hopefully, for the better in terms of the value it provides people. That's very much how I have approached my previous companies, that's how I approached starting Daffy. I really do believe that there needs to be a new set of companies and organizations in services focused on giving, on helping people be more generous.

Todd: So, how did you come to the idea of Daffy and when answering that question, where'd the name Daffy come from?

Adam: (laugh) Well, I will the first to admit there are some liabilities in letting an engineer stick his brand name so that's fine (laughs), but Daffy is just the Donor Advice Fund for You, right, it's very straight up the middle. We were trying to look for something that was a little fun and playful, had some emotion to it, but also just really capture this idea that we believe that donor-advised funds are not just a product for the ultra wealthy, for people with wealth managers and advisors, but actually almost everyone believes that they should give something, put some money aside for those less fortunate than yourself and so we wanted to make it approachable that's why we went with Daffy.
You know, in terms of the question about why this company or where did this idea come from, you know, Steve Jobs gave that wonderful speech at Stanford in 2005 where he talked about connecting the dots of your life, like when I look backward there's always different elements that came together that made this the right thing to do now, but, actually the product idea was a very simple one.

You know, I'm a father of four, right, I have kids, my kids vary in age, I have some little ones all the way up to teenagers which by itself is a scary thing, we can talk about that some other time, but, you know, my kids go to a great spare change, they put it in a little bank and then every quarter the whole class votes what organization to give the money to, it's like a wonderful way to teach kids about putting money aside and giving, etc.

And so, one day I would just look at this and I'm like wow, we teach our kids to do this, like almost everyone teaches their kids some idea that no matter what's going on in your life there are people who have it worst than you and that you should be generous,that you should put some money aside for them. So, we teach our kids this, but somehow as adult we don't do it, right, most people don't put money aside for charity, right. Most of us give to charity almost transactionally, right, someone asks us to give, maybe our church, maybe a community center, a school, a friend's running a marathon.

Todd: A big event?

Adam: Yeah, yeah, exactly and we give, but we don't put money aside for it and I really wondered why. Why do we teach our kids this, I mean, I did a search on Amazon, I still have it, my original pitch deck I did for Ribbit Capital, I had a screenshot from Amazon of all these piggybanks on Amazon. Actually, you can almost see it in my back, but I don't want to mess with the thing, you see there's a piggybank out there (Todd laughs), but, fundamentally, all these piggybanks for kids, they have like a spot for the money you're going to spend, a spot for the money you're going to save like for a rainy day and then they have a spot for giving. And so, it just really struck me, like do we teach our kids this for, you know, some other reason, do we not believe this is a good thing to do or is this one of those cases where being an adult turns out to have a lot, a lot to do, right, you have work, you have your family, you have social life, all these other things and we don't just get around to it and that struck a chord on me.

You know, one, I came to the belief that, no, this is a better way to give, putting money aside is the right way to do things and there's a reason why a lot of cultures and religions have that built into them, right, this idea of putting money aside of what you make, but then I realized also my experience in fintech and with personal finance, in general. I didn't mention this earlier, I do teach a class at Stanford on Personal Finance, but this actually reminded me of a lot of other personal finance problems, right, like how many people would save for retirement if they didn't automate having money come out of their paycheck for their 401(k), how many people would put money aside at all if they didn't have a goal and didn't actually automate it and I said why can't we do that for giving, right. Actually, I reached out to a number of folks to validate this thinking as some of them became advisors, right, notable folks in behavioral finance and certainly in the non-profit space and philanthropy, in general, and so that's where the idea of Daffy was born.

It's a very simple application, right, if you go to the App Store, you go to daffy.org and you download the app it's very simple. The first question is well, how much do you want to give to charity every year? Everyone should have a goal, I don't care if the goal is big or small, but it should be something, right, appropriate for you and we have a calculator to help people figure out what might be right for them. You pick a goal, we say, great, do you want to put aside some money every week, every month, you want it funded right now and then we say, what charities do you support?

We have almost every legal charity in the US in there, over 1.5 million, pick the charities you support, set-up a recurring donation so that you automatically give to those organizations every, could be every month, could be every quarter, every year and then all your givings in one place. When tax time comes, you don't have to go fishing around for donation receipts, it's all right there. That's the basic idea of Daffy, it's a very simple thing and our hope is to build a community of people who are all making that same simple commitment, to just give regularly.

Todd: So, you've been at a number of startups, big companies, they are all for-profit so I'm curious, the thinking to start a new venture that's not for-profit and why go in that direction? It seems, on the face of it, like this could be maybe better as a side project or, you know we can work and you have a day job, but this is now your day job. So, I'm just curious to dig into a little bit of kind of the thinking behind that and then how you build a team of people around you because you obviously would have to have a lot of the same type of thinking that giving is this important, giving is this crucial that I'm going to dedicate a portion or at least some part of my career to helping run a company that's solely focused on this.

Adam: That's a great question, actually gets into some of the most important things that when you start companies, when you start organizations as a commitment to kind of see it through and that's probably worth talking about by itself, but in terms of non-profit actually when it comes to this, to Daffy specifically, it turns out that it's actually harder than just starting a for-profit company or a non-profit organization because of the way the regulations work in the US. So, it turns out that donor-advised fund can only be offered by a non-profit and so when we made the decision that hey, just like there's a 401(k) for retirement, there's a 529 for college savings, hey, the right type of accounts for people to put money aside for charity is a donor-advised fund, we had to start a non-profit.

That being said, it turns out almost every donor-advised fund in the US, major ones, large ones, Fidelity Charitable, Schwab Charitable, Vanguard are all partnered with a for-profit firm, right. Fidelity Charitable is partner, is a non-profit, but it's partnered with Fidelity Investments, Schwab Charitable is partnered with Schwab Investments and so we ask the question, what if we built a donor-advised fund which instead of being partnered with a financial services firm was partnered with a venture-backed technology company.

So, actually, I founded two organizations right now so the venture-backed company that raised capital from Ribbit and a number of the other great investors in Silicon Valley, folks like Reid Hoffman or Mike Schroepfer, etc. that's a venture-backed company called Aside, Inc. which builds a cloud-based donor-advised fund platform that non-profits can use to offer a donor-advised fund and Daffy Charitable Fund is the first customer of Aside.

Todd: That's right.

Adam: It's a little bit of a technicality, but it turns out when you work in fintech, in financial services you get used to the way regulations work and the way folks want things structured, but in this case I think it's a very good thing, right. Daffy Charitable Fund is a very simple organization with a very simple mandate which is how can we help more people be more generous more often with a vision that everyone would put some money aside for those less fortunate than themselves.

And then, of course, Aside is a standard venture-backed technology company because we had to solve this problem, how do we get the type of engineer, how do we get the type of designer, that level of quality that people expect, you know, out of a Google, an Apple, a Facebook, a Twitter, etc. how do we get that into the non-profit space to help people give and so that's actually how we solved the problem.

Todd: And so, you know, I'm on your website right now and I see you have Invest In Me investment options, can you tell us a little bit more about the investment option that you offer in terms of Daffy and the giving.

Adam: Oh, yeah, this is a great question, it's one of the most popular features. It turns out people have all sorts of worries about putting money aside for charity and one of the worries that they have is well, I don't want that money to sit idle, I normally have that money invested, I feel like if I take that money out and put it aside, I have less money to give. And so, we made sure that when we launched Daffy that we had support from a number of investment options so when you sign up for Daffy, I mentioned, you pick a goal and then you automate putting money aside, but where does that money go?

That money is invested in one of nine portfolios that you can choose, right. So, we have standard portfolios of low cost index funds, right, offered by Vanguard or standard portfolios, very low cost, only four basis points on average. We have a set of portfolios or ESG portfolios, right, for folks who want to align their values without the money is invested and we have a range from conservative to aggressive, they are using Black Rock ETFs and then, of course, it's 2022, we also have a range of crypto portfolios. We have a diversified one that includes ETFs that do stocks, bonds and crypto and we have Peer Crypto portfolios, if you want all of your money invested in Bitcoin we can do that for you or Bitcoin and Ethereum and so we have a range of options.

Overall, we try not to be prescriptive about how people want their money invested for charity. Overall, the reason we do it is because people really like the idea of putting their money aside and seeing it grow, they feel like that could increase their impact in terms of how much they could give or how many organizations they could give to and we just want to make it easier for people to put money aside for giving.

Todd: So, on your website it said, when you want to give you know how much you can afford. So, when it's in a portfolio and they are putting money aside, does all that money have to go, are they able to pull any money back at any point, say if they had something happening in their lives and they need it to, you know, pull position and take money back for whatever reason or when they go to Daffy, they put the money in, eventually that money has to go to charity?

Adam: It's the latter, the regulations are very specific, you know donor-advised funds in the US are a wonderful, wonderful system for getting people to put money aside and then eventually give it to charity, but the IRS has certain requirements and one of the requirements is that when you put money in a donor-advised fund the good news is you get the tax deduction for making a charitable contribution right there and a lot of people like that effect.

The downside is you don't get to pull the money back, right, when you put that money in, you're making a commitment that you're going to give that money to charity and not just any possible organization, it has to be a legal charity, a 501(c)(3) or another comparable organization that has been recognized by the IRS. And so, the donor-advised fund is not a place to put money that you can't afford to give.

Todd: Yeah. The ESG aspect, the charitable giving, to me I'm thinking both of these trends have kind of picked up in the last few years. I remember, even 10/15 years ago, it didn't feel like this was as top of mind as it is today. Maybe some of that's because the last couple of years we went through this horrific global pandemic and people have, you know, realized how much suffering there is even beyond what they maybe thought there was, but as someone who's a bit closer to the space do you see that this trend has picked up the last few years? Has charitable giving always, you know, been an important part of society or has it increased?

Adam: Yeah. There's a deep history of charitable giving in the United States and, of course, globally. Like I said, almost every religion and culture has it built-in, that's one of their primary tenets, this idea of giving and taking care of people, but I do think we have seen increased attention on the last few years and for a lot of reasons. I do think the pandemic highlighted things for people, it also got people to think more deeply about their actions and how they impact others.

I will also tell you that, in general, I think that it's been a growing movement, not just in the last couple of years, but in the last decade of people feeling like they need to act, that if they believe something, if they want to do something it's good to talk about important things, right, but that it's better to actually do something about it, right, have your actions match your words and so I think that affects the whole boom around ESG investing. I think that people are looking for ways to have their investments reflect their values and take some action and I think particularly with giving. I think you know, in a world where we're seeing increasing income inequality, when we had things like the pandemic which, you know, depending on what industry you worked in affected you differently.

Todd: Yeah.

Adam: What I've noticed is that the pandemic brought people back to their own homes and neighborhoods, we've seen a huge interest in local donations, local charity. It's one thing to talk about food and security and it's another thing to see people in your own neighborhood and your own community who don't have the resources, you know, to put food on the table. And so, I definitely think that there's something in the last two years with the pandemic, etc. that's gotten people to really focus on how they can be more active and help in their community. I mean, when we rolled out Daffy, we rolled out support, as I told you, for all these charities across the US, but one of the first features we had to add a few weeks after launch was a feature to make it easier for people to find charities near them, local charities where they could actually give and see the impact of their giving.

Todd: What is the average donation that someone makes as compared to their income, like is it 1%, do we have statistics that show, you know, I guess how much people give as a percent of what they're bringing in, in terms of their income?

Adam: I mean, there are large averages, you know, the last data that I saw estimated about 60 to 70 million households across the US give to charity every year and if you look at the amounts that people give, I think it gives light to one of the biggest mistakes that people make about charity and giving, in general. They think it's something that only billionaires do, like it turns out actually not only do most people give to charity regularly, but also, statistically, they give a higher percentage of their income and their wealth to charity than the very wealthy do and that actually shows up in the numbers, right.

Like the US, I think in 2020 saw about $471 Billion in giving to charity just in one year, it's amazing, 2.3% of GDP, I mean, all of agriculture is less than 1% of GDP so it's actually an amazing number and over $300 Billion of that came from individuals. Now, in terms of the right number, one of the things I did in starting Daffy is, you know, I come from the product world, from design and user experience, you talk to people, you hear how they think about the problem, I did dozens of phone calls and interviews to talk to people around the country about how they think about giving. One of my biggest surprises during those interviews is, unfortunately or maybe fortunately, I don't know, but people do not agree (laughs), like I heard every number you can imagine, right, like talked to 25 people, got at least 20 different answers, right.

Some people have more (inaudible) numbers, you know, 10%, some people do think 1%, 2%, some people think in round dollar terms. For some people, its contextual, right, if you have a good year you have a responsibility to give back in good years, right, kind of idea that there are good years and bad years. For some people who actually had to do with wealth more than income, right, like if you have more than you need, you have an obligation to give that out, there's always different traditions, but no one agreed. What did make me feel good though talking to all these people is that even though they couldn't agree on the number, what they did agree on is that there should be a number that you should give.

Todd: Yeah.

Adam: Very, very few people that I talked to did not believe that they should regularly, personally be giving every year and what was amazing is actually whatever number had, they were also very honest, at least, consistent about what they should personally give. It wasn't an accusation, it wasn't like well, other people should give but not me, it was personal. The sad part was though, unfortunately, is that when I asked people what they actually gave the year before, almost no one hit their goal and that actually is part of what's in the Daffy product, that basic idea, that idea that, you know, if we just let people be as generous as they want to be, it would actually lead to more giving, in fact, we run the numbers.

I actually wrote a post about this a few weeks ago, I call it the Generosity Gap, but it turns out that if we just let people pick a goal, whatever that number is, and actually automate those contributions they are giving, we think it would boost giving by another 32% and that's a big number. If the US gives about $300 Billion a year from individuals, another 32% would be another $100 Billion a year, that's like over a Trillion in a decade, I mean, that's a very big number. It's actually very exciting to the team here, we get very excited about this idea that, you know, if we just helped people be the good people they want to be, as generous as they want to be, it could have this amazing impact on thousands of organizations and millions of people at those organizations' stack.

Todd: What was the main reason that the people did not hit their goal? Was it they forgot, they got busy, you know, it sounds like what Daffy helps build in seamless, you know, if you want to do a savings goal or an investment goal is the constant weekly, monthly, bi-weekly, whatever it is, the constant flow is what really changes the equation.

Adam: You're exactly right, you actually hit the nail on the head. For most people, it was just being busy, it's not that they don't care, it's not that they don't want to do it, maybe once again I told you, I mean, I have four kids, life is busy, family is busy, work is busy, life is busy when there isn't a global pandemic and it turns out that didn't make anything easier for anyone , like this is a very tough, I can laugh, it's a very tough set of years for a lot of people, but even for people who are in privileged situations like good jobs, they could work remotely, etc. they just didn't find the time to do it and this is not unusual.

As I mentioned earlier, I don't think many people would save for retirement well, if they had to remember to write a check into their retirement account, no one would do it, right. You know, what works for people is to set up your 401(k) and have a little bit of money come out of each paycheck, right, set it and forget it. I know it sounds funny, but it turns out for giving, you know, at Daffy we believe that that actually could help us give, that's just not a way to help people save, it's not just a way to help people invest, it's actually a way to help people give, right. If you put money aside regularly, you don't have to worry about that problem you're putting that money there.

And then, when the moment comes where you're inspired to give to an organization, to a cause, something happens, you have an app right there, there's already a balance, few taps on your phone, you can give money to any organization you want, that's actually, to us, the game changer when it comes to giving. It's very hard when someone asks you to give because you don't actually know how much you can afford to give at a moment's notice, people aren't very good with budgeting or budgeting problems, etc. and so this problem of how much can I afford to give crossed with who do I give the money to I think freezes the situation for a lot of people. When you have a wallet for charity, when you have an app that has money in it, it's so much easier to give. I've seen this in my own giving behavior, I've seen this in customers for Daffy and the members in our community and we're hoping that it could be a game changer for, you know, millions of people eventually.

Todd: What's the biggest lesson you've learned since starting Daffy about Daffy?

Adam: I've always worked and had the privilege of working for companies that I felt had great missions, right, and that touched people in ways that were really meaningful, right. Like when I worked at e-Bay, I felt really good about thousands and thousands of people starting small businesses and actually having a little extra money every month to support their families, etc., I really was excited about e-Bay as a platform for people to make a few hundred dollars extra a month, that's a really meaningful thing for a huge number of people. At LinkedIn, I was really excited about this mission about giving people, empowering people to have control over their careers and their lives, your reputation, your relationships are almost everything and the idea of trusting that to a corporation or trusting that to some career ladder that doesn't exist,

I really loved the idea of building a platform that would help people with their professional lives. You know, at Wealthfront, I was incredibly frustrated with the idea that sophisticated financial advice was only available to millionaires and multi-millionaires with financial advisors. I said with software we could make this available to everyone and Daffy is no different in some ways because, obviously, it's mission is around giving, helping people be more generous more often is easy to get behind, but I think I underestimated how powerful this mission and how powerful this idea was for people. I've been blown away since we launched, but how many not-for-profit organizations, how many people in the industry, even competitors have reached out excited that we were investing in new technology, bringing innovation, just focusing on this problem.

I mean, it's been amazing for us, from a technical standpoint, it's been amazing for recruiting, it's been fantastic for fundraising, I think it's been fantastic for getting people to try out the application, but I definitely underestimated how important that mission was. To our earlier questions, our earlier conversation, how timely it was. This seems to be a product, this seems to be an idea that really is a fit for this time, this place. I'm not sure people need another fintech application, another clever way to move money around, but there seems to be a lot of people out there who want to see more of us invested in social good, in philanthropy, in helping people be their better selves. I don't know, for better, for worse, it's not what I expected, I knew this wasn't an important, it's an important cause to me, it's something that resonates with me personally, but I did not expect deposit reaction that we've received.

Todd: What does the team look like around you, what's the make up of the team, how big is the team, tell us a little bit more about those around you at Daffy.

Adam: Of course, by the way, we make this public. If you go to the About page on the website you actually see photos of people who you like much more than me (both laugh) helping out Daffy. No, but actually it's been fantastic. We have attracted people think from all different paths and it's a global team. One of the amazing things for me as a long time angel investor and operator and founder, this is the first company I've ever built that was remote first, right, we started in the pandemic, right, it was founded in 2020. There were people on my team that I didn't get to meet in person, I still haven't met them in person, we keep hiring people, it's kind of an amazing thing so we have people from all over the world, different backgrounds, some from the non-profit industry, some from the type of tech giants you'd expect, Google and Twitter.

You heard my background, my Co-Founder, of course, I met at LinkedIn, he was one of my favorite engineers at LinkedIn, we had wanted to start a company together for years and he went off to Twitter and Slack. But one of our newest hires, of course, we just announced, you know, Laurie Lambert, worked 12.5 years at Schwab Charitable, saw them scale their donor-advised fund to amazing heights and came to Daffy because she is excited about what we could do with the modern technology platform to help people give.

Yeah, you can look across, but it's an amazingly diverse team, different backgrounds, orientations and I think that reflects the space that we're in, right. Giving is not something that belongs to one career path or one group of people or one country, like giving is a fairly universal theme for humanity and I'm glad that it is and I think the team at Daffy reflects that. We've been a little bit spoiled I think in the quality of people that we have on this mission.

Todd: You mentioned that you've raised some money, how different is that dynamic to raise money for a Daffy-type firm? I know you said there's the technicality of the technology and the actual Daffy, you know, venture, but how different is it to raise money for this type of firm versus some of the other stuff that you've done in your career?

Adam: You know, actually one of the things I always look for in my own angel investments, but also I think in general investors, of course, something that's called Founder Product Fit or Founder Market Fit. How authentically does the founder actually resonate with the market and the problem that they're trying to build for. We all know examples of great businesses that have been built, we've people from outside the industry, who don't understand it, but for the most part, you want an authentic connection and so I think I've been fortunate enough that the story of how I came to Daffy and this area.

You know, when you see a founder proposing a new company, you have to ask the question, are they in this for the long term, are they serious about building a venture class business and I think, fortunately, I bring enough credibility and kind of insight to the area that investors have reacted positively, but I also tell you that I don't think anyone could get a company like this funded. I've been fortunate in my career to have a number of successes, a number of startups, IPOs, especially experienced in fintech, etc. and the great thing about fintech right now is there are a lot of investors who are willing to put money at risk to try and build something new in this area, that was not true ten years ago. Fintech is a very new category.

Todd: Yeah.

Adam: And so, you might say that, you know, some of my judgment, in terms of starting Daffy right now, is that I believe this was time where we could get a company like this funded. I did believe that this was a time where investors would be willing to take the risk to build out a new platform in a category that hasn't been known as the sexiest category, right, like there's no one thinking hey, this will be the next Google, the next Microsoft, etc. and there are some times when venture investors are very unwilling to take risk on a new category and a new type of application, etc., but now is actually the time where a lot of investors are willing to take that risk.

You know, we were able to partner with Ribbit Capital who I personally think is one of the best venture firms in fintech, Micky and Nick and his team took a lot of risks on early companies that now seem obvious, companies like Coinbase and Credit Karma, etc. that now seem incredibly valuable, but at that time seemed like incredibly risky investments. And so, I think part of the problems that founders have to solve is finding the type of investor, the right fit with an investor where the risk and the nature of your business and your product lines up with the type of risks that an investor is willing to take. And so, I think the timing was just very good and, you know, myself as a founder was probably the right fit in terms of actually unlocking some of that investor capital.

Todd: What advice would you offer to a fellow founder that might come along and listen this episode?

Adam: Well, I mean, there's a lot of advice. I mean, the first thing I will say as a founder, you have to be in it for the long term. Reid Hoffman, good friend, advisor, obviously hired me at LinkedIn, we worked together on a number of companies since, he still is on the board of Microsoft and doing a number of impressive things, but one of the things he always asks, you know, founders is, you know, is this something that you're willing to do for the next ten years? Building a company is not a short term thing, right, and so for me, personally, I was very excited, I had a gut check moment before founding Daffy with Alejandro of like hey, I'm willing to spend the next ten years of my life building a platform to help millions of people be more generous to give so I always ask that question.

I think, in general, founders make the mistake of almost contorting themselves around the fundraising process to try and answer every question, every amount of cynicism, every, you know, everyone who doesn't want to take the risk and the truth is I think that's a mistake. I think founders do better being more authentic to what they believe on, the value they're creating, the product. I mean, investors are very smart and they have the advantage of looking at a huge number of companies and so you always want to listen to investors and their questions and critiques and think about them, in my view, but you also need to recognize that there are so many different investors out there, they have all different funds, all different priorities, all different types of products they're comfortable with, markets, etc.

Sometimes you can waste a lot of time pitching your idea, pitching your company to the wrong investors. I learned this at Wealthfront, you know, where I raised a lot of capital for that company, I knew that there were very few investors at that time that wanted to back a company in fintech and so even though on my personal network, and I've had the benefit of my career working with a lot of great venture capitalists, you know, I didn't pitch to hundreds of venture capitalists, I tried to find the right investors. Not even firms find the right investors that I knew would understand what we were trying to build and were willing to take that risk.

And so, I think a lot of founders treat fundraising a little bit like a process, like you're doing an IPO, like you're going go out and do this road show for a huge number of investors and it's all shark tanked in their brains and then all of a sudden someone's going to say, I'll write the check and I will ExpressSend to your company and my experience has been that that can work, but that's not the best way to look for investors. I encourage founders to think about raising money from investors as a hiring decision, I was thinking what is the right investor you want on your team, right, by the way, investors are often with companies for a very long time, sometimes longer than the founders in some cases.

Todd: Yeah.

Adam: And so, when you make that selection, you are affecting the destiny of your company. You know, I always encourage founders to look past the firm, to look at the specific investors, look at what else they've invested in, look at the way they support other founders and just be honest, right. If they haven't invested in your market, in your company, in a founder like you, don't feel like you have to pitch to everyone, right, most people will say no, most people will not get it. If most people got it, there probably wouldn't be a startup opportunity to begin with, it would've already happened and so if you can have that combination of humility but also that idea that it's not personal, it's not about your idea itself, it's about fit and finding that right combination.

I find that helps founders a little bit realize that maybe some of the negative interactions that we have with investors was just rationalization, they were never going to write the check anyway, right, They don't do that type of deal, they don't invest in that type of company and to focus their time on the investors who do. That's, at least, some of the advice I give founders, of course, I am on the other side of this. As an active angel investor, I meet with founders all the time where pitching is done and so on, it's always useful, as a founder, to have one or the half as an investor, it turns out that it helps give you perspective on what investors are looking for and why.

Todd: So, we have just a couple of minutes left I'd like to end with a little bit of fun. Do you have a favorite book and the last book that you read.

Adam: That's always a tough question although I will say it's probably pretty obvious, my personal blog for years is called "Psychohistory, " which, of course, is a nod to Isaac Asimov. I don't know if I have a favorite book from Isaac Asimov although Foundation is, of course, a central work, but I always loved that idea. He had such a deep knowledge of science and ability to turn those insights into very human stories and human dilemmas. Even though I started reading him in high school, I still consider that one of my favorites although there are many others and several reasons.

I'm reading now "The Power Law" which is a familiar book to most in the venture industry for startups. It's one of those inside baseball things that you talk to a lot of folks Sand Hill Road, Silicon Valley founders, etc., everyone's familiar with this concept of The Power Law, this idea that, you know, actually these exceptional cases, right, really become successful at a rate that's beyond what's normal, what you'd expect in terms of a distribution, right, and we see this, by the way, We see this in athletics, we see this in Hollywood, we see it in music and for that last 40 or 50 years we've seen this in technology too, the winner in a category, the company that breaks through isn't just a little bit more valuable than the runner-up of the other companies. It's a lot and that affects the venture business because it's easier to understand venture capitalists when you understand that even in very successful firms, right, I was in EIR at Greylock, one of the best firms, been around 50 years, a number of successful funds.

They're realizing, internally, how much of the returns of even a very successful fund are driven by a very, very small number of outlier companies have become immensely valuable, right. It's an insight that's easy to talk about as a founder, as a venture capitalist, but I've been thinking a lot more. The book has gotten me thinking a little bit more about what else in life is affected by Power Law. Most of us like to assume normal distributions, right, there's an average, maybe you're above average, below average, but we have this kind of idea that most of us are bunched around the average and we tend to think of most things in life is going to fall in that kind of curve.

But I find thinking about Power Law as very interesting when you're thinking about topics like fairness, when you're thinking about topics like policy. I think about what is the meaning to be in a world where exceptional results are really exceptional and what do we do with that, So, I've been reading that lately, but, in general I find I mix my reading between, you know, science and sci-fi and finance and I love business biographies, you know, stories of how companies became what they are.

Todd: Do you have a favorite sport or sports teams that you root for?

Adam: You know, I love athletics, I love playing sports, but I'm not a huge pro sports fan, I don't watch many things although growing up at the Bay Area, they always ask me, it's always going to be the 49ers always. I remember watching them practice, they used to practice at Stanford for a few years when I was a kid, you could actually go in. My brother and I got like a football signed by Joe Montana, that sort of thing, got to watch that whole run so I always loved the 49ers, the new stadium, of course, is amazing. I've even been fortunate enough, a lot of athletes go on post-career, famous ones, to support great non-profit organizations.

Todd: Yeah.

Adam: I'm lucky enough to have a couple of those great 49ers, Ronnie Lott, Harris Barton as supporters of Daffy, as investors in our organization. You know, personally, I'm probably more of a gym rat than actually a sports guy although if you want the classic California story, I did play varsity volleyball in high school so there's always that. (Todd laughs)

Todd: And then, final question. Biggest inspiration in life?

Adam: That's definitely changed, I mean, I'm probably like a lot of people, you know, when I was little I really focused on family members. My grandfather was always talked about as someone who worked his way through school and came up with an amazing patent, built a business himself driving a truck back and forth, ended up president of a company so I probably think that that definitely influenced my career. I mean, both my parents are doctors, as it turns out, like I'm the first engineer in the family, but there's a lot of inspiration there, but, you know, when you think about inspiration, a lot of inspiration comes from people who spark you to do something, spark you to do something creative that you wouldn't have done anyway.

I find that in life it's very easy to get settled, it's very easy to find the things you like, do the things you like to do, etc., especially as you put on a few years and it turns out I've put on a few years (Todd laughs) and so, actually, these days I get a lot of inspiration from my children. I know that's a common expression, but if I really had to focus on my....the spark that children have, the creativity, the excitement they have, it reminds you that there are wonderful moments and opportunities every day, very simple things. I would have to say that all my children are different, they seem to come that way as it turns out (Todd laughs), I guess a little bit of a roll of the dice with each one, but I can honestly tell you that each of them, every day, inspires me in some way to think differently, to do something, to have a little bit more fun than I would have otherwise, even on simple things like April Fools, like, you know, I'm old enough to, oh, it's April Fools Day, do I really need to do something, etc.

My daughter, my son, my two youngest call me in, they tell me that hey, the water is running from the toilet in their bathroom, I had to run and go see it so I run to the bathroom and they've put a bunch of water bottles and sneakers, like staged, like it's running away from the toilet (Todd laughs), you just have to laugh at this stuff, like it's amazing. I think it inspires you to just see a little bit more about what's possible in life and to do things. I like to channel that into the work, I like to channel that into building products, you know, how do you create those delight moments, those little sparks that get people to do things.

Todd: On that note, we're going to have to leave it there. Adam, thank you very much for some time today, I really appreciate it. How can the audience find Daffy?

Adam: Finding Daffy should be relatively easy. Of course, you can go to the App Store, just search for Daffy, you'll find it, it's the only app with that name in the App Store, but daffy.org so feel free to go to the website, very easy sot sign-up. I would really encourage everyone to try it, this idea of putting money aside isn't just for other people, it's also a great think for yourself, you'll find that you feel better about the idea that you are putting some money aside for those less fortunate than yourselves, but, yeah, go to daffy.org, download the app, set up a goal, everything else should be automatic and if it isn't, ping me, let me know how we can make the product better.

Todd: Alright. Well, thanks again for joining me, continued success to you and the team and hopefully, we'll get you back sometime in the future.

Adam: Thank you, Todd, would love to do it.

Todd: Alright, thank you.

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