# Podcast: Logan Bartlett, Redpoint Ventures, on Turpentine VC w Erik Torenburg

https://www.podpage.com/turpentinevc/e15-Redpoints-logan-bartlett-on-carving-out-a-spot-in-venture/
28 November 2023

Sajith: Good episode for venture nerds. Covers a diverse range of topics including why venture is oversized as an asset class, why we have exaggerated the barbelling (boutique at one end and supersized at the other) of venture, the rise of funds such as Founder's Fund, Thrive, Amplify, how Redpoint uses firm brand to enter the room, and partner brand to win the deal, and so on. Consistently interesting. The story of how he was hired - the other Redpoint Partners wearing Wu Tang Clan sweaters - was fun. It reminded me of the story on Sequoia's website on how Jess Lee was won over by Sequoia Partners Roleof Botha and Jim Goetz dressed as Woody and Buzz Lightyear coming over with the offer letter.

*

Transcript organised by @sajithpai | lightly edited; may have typos | yellow-highlighted text is what I found interesting

***

**Erik:** Welcome back to Turpentine VC, a podcast where we discuss the art and science of building successful venture firms VC to VC. Today's episode is with Logan Bartlett of Redpoint who joined the firm in 2020. In the conversation ahead, we dive into the unique ways that Redpoint operates and talk about the past, present, and future of the most powerful venture firms. We filmed this episode with Logan at Redpoint's offices in San Francisco, a backdrop that may look familiar because it's where he records his excellent podcast, the Logan Bartlett Show. Without further ado, here's my interview with Logan. Logan, welcome to the podcast.

**Logan:** Erik. Thanks for having me on. Welcome to our Little studio here for hosting me.

**Erik:** This is where the magic happens.

**Logan:** Yeah, magic. Yeah, it's generous. But yes, this is where we record our podcast.

**Erik:** So, I feel like this podcast is for venture nerds and I feel like you're the ultimate venture nerd.

**Logan:** I am very much. We were talking about interests last night at dinner with one of my partners, and I was like, I listened to a lot of audio books about venture, audio books about technology, markets.

## Logan's perspectives on venture

**Erik:** Yeah. You were saying that the Power Law book that came out that sort of chronicled the history of venture, you were annoyed by that because you feel like you had some arbitrage by doing the research yourself.

**Logan:** The first party stuff of going back and looking at the old Don Valentine Cal interviews and all that stuff. I feel like between Acquired and the Power Law book, they've done a great job democratising access to all these things that I piece together over the years.

**Erik:** And how does that make you a better investor, or what edge do you think there is in understanding the history of venture? Why care?

**Logan:** Market cycles are a very interesting thing, and understanding how history of things came to be is just like, not that past is only indicative of future, but without knowing the past, whatever that phrase is, doomed or repeat it or something. I feel that, I've been reading a book recently about how markets have evolved and it's interesting if you go back and look at the railroad, some of the terminology that they use in the UK and the US about the railroad versus canals and all that, you could just control F Railroad and do AI or crypto or internet or whatever it is. And so we think all of these things are normal and novel, and it turns out they're not, we've been talking about it since the railroad did it to canals or telephones did it to telegraphs or electricity did it to whatever, candles and that stuff and PCs and cars and oil and internet and all of that stuff. There's some kernels of commonality that exist between them and so understanding them helps in some ways to predict the future.

**Erik:** We had Eric and Sarah from Benchmark on, and they were talking about how certain firms came up in certain eras, like Benchmark is distinctly an internet era firm, Sequoia, the previous wave, Andreessen mobile, and how firms came up, which eras can determine perhaps how they're structured and might have some path dependency going forward.
**Logan:** Yeah, the founding, it's true of companies, and it's true of venture firms that the decisions you make at founding in the early days, those kernels of truth define the future. You can never undo equity split once you started a company, and that's going to define elements of your business forever. And that the structure of venture firms are very much rooted in their founding, which is just, it's an interesting thing, right? Benchmark grew very quickly over the course of, maybe not very quickly, but grew over the course of the two thousands and now people forget, but they had Israel and they had Europe and all these different funds, and then they shrunk back down to their knitting and found this truism that they've held consistent throughout. And so it's kind of like parenting. I feel you either do the exact same things your parents did or the exact opposite things your parents did. The founding of all of these stories, be it technology companies or venture firms hold some truth to how they operate today.

**Erik:** And Kleiner similar to Benchmark, expanded did a bunch of stuff then consolidated recently over the last decade. We've had new firms and other firms expand significantly. It'll be interesting to see over the next decade whether they too fly too close to the sun and then sort of narrow and consolidate or whether they're just into the sunset, they're path dependent on this AUM aggregation and we'll see where that goes from there.

**Logan:** Yeah, it's interesting. I think people maybe over extrapolated the lessons learned in private equity or other asset classes to venture that it was this inevitable barbelling that was going to happen and maybe that happens in the fullness of time, but there is a certain amount of capital that an ecosystem at any one time can take in, and there are very nuanced relationships to the people, particularly at the earlier stage that you're developing with founders and stuff. And so where there's these very linear asset classes like private equity or real estate or whatever it is, where the distribution of returns to be the 25th percentile firm versus the, or, sorry, 75th versus the 76th, the returns are pretty normally distributed all the way down versus venture is very stair stepped in that regard. And people assumed that we could hold consistent the lessons of private equity to venture, and it's just a weird asset class for all the reasons that I love it and that you love it and that LPs either love it or hate it.

**Erik:** And the lesson there that people were trying to extrapolate, would that be there would be a normal distribution or...

**Logan:** Both that the barbelling and the hollowing out of the middle was going to happen in a very meaningful way? I think if 2021 continue to play out over the course of the next five years, we probably would have seen that occur because of LP dollars consolidating to the top managers. And that was one of the things that when we last fundraised, it was thankfully a very easy process, but there were so many questions about how do you exist in the world of Tiger? And I'll use Tiger as an analogy for any other firm that I don't want to, it feels like for whatever reason they're like, it's okay to say them, but everyone else I don't want to duck on, but picture any firm with AUM above $4 billion in their most recent commingled funds. So we can use that as a placeholder for them. But it was so much about how can you survive in that world? And it's funny now that it's totally swung back the other way of like, oh, thankfully you're not trying to be those things. And that the just asset class kind of has these nuances where the hollowing out of the middle isn't as definitive as it is in some of these other asset classes or service providers or whatever it is. It's not quite the same, and maybe it will be in the fullness of time, but it hasn't proven that.

**Erik:** Is what led to the rise of these mega funds basically new LP capital that wasn't as multiple sensitive or I guess what's the most.

**Logan:** I mean zero interest rate phenomenon is probably the single biggest thing that led to that and the 12-year bull run or whatever it was that kind of followed through that, and therefore it led to a seeking of risk because you couldn't get in safer places. And it led to everything looking up into the right and goodness. And then there's very much the circular element of venture ecosystem of just like LP dollars flushing from one hand to the other. You have tech companies selling to tech companies that when that spigot goes off, everything looks bad. When it was going, everything looked good. And so that was part of it. Oil has been a very good asset class for some of the sovereign wealth funds as well. And so as they looked for diversification, tech seemed like a new place that they could park money and seek return, and now there's golf and whatever else that's going to play out that you can do that in as well. But we saw kind of all those things commingled together, and to some extent, I think that venture managers, it's a very natural instinct if you're a pure capitalist and it's purest sense of like, Hey, let me pursue how much money I can make.

**Erik:** Yeah. Now we're talking.

**Logan:** And no one's zero or a 100% on the spectrum, but do you believe that in the zero interest rate phenomenon of bigger funds and all that, you're drinking your own Kool-Aid and believing, oh yeah, of course I can manage $5-6-8 billion and you know what if I only believe that 20% or if I only believe that 80%, I still do pretty well financially if our funds get to that size and people tell themselves different narratives and no, no, no, we spend it all on our service providers or no, we need to be that big for the longevity to support the companies over time. There's all these different narratives that there's elements of truth in for sure. I don't want to be absolute about that. There's not, but people tell themselves these narratives and in truth, management fees can be a sticky drug to get hooked on and paying yourselves bigger and bigger salaries. It's not a zero or a 100%, but I think some people saw, Hey, maybe I'm wrong, but if I'm wrong, there's those memes of crying tears with money on your face of Dave Chappelle. If I'm wrong, I'll be crying like that. And so I don't know. I don't want to be overly cynical about it. Maybe people were just purely optimistic about the technology and all that stuff. I don't know. The answer isn't zero or one in there. It's probably somewhere in between.

**Erik:** On some level, it's an EV trade-off of you can raise consistent $400 million funds like Benchmark or whatever they're doing and hope to 20 exit, or you can try to get 40 billion AUM and try to two exit. It's not like apples to apples and with the fees, there's less downside. And so at some point, it's just an expected value.

**Logan:** I sat down with a hedge fund manager, a very prominent one, that people would know their name one time and he sat there, we were in his office, and he goes, Logan, the thing about your businesses is.

And I'm like, no, what's the thing about business? He goes, it's actually a shitty business. And I couldn't help but laugh. I was like, oh, interesting. And I think this is five plus years ago, and I think he was kind of recruiting me at the time to come and do privates with him, but he's like, here's why it's a shitty business. He goes, I can make more in a day than you can make in 10 years. And I'm like, that's actually a 100% true comparatively, Mr. Big hedge fund manager, your business is so much better than, and he goes, Benchmark have so much respect for them. The best firm, they take 500, they turn it into 5 billion.

I can do that over the course of a big systemic shock. And he made a ton of money during Covid, and he was a 100% right. But it is funny, in a pure capitalistic sense, there's much better asset classes than venture if what you're seeking are dollars to yourself or assets under management or just dollar-based, there's much better asset classes that exist out there. And so you have to be in venture, I think, or one of the reasons to do venture if given the choice to do other things, which I was fortunate enough in 2013, I was sort of picking one path or the other, and I just liked that artisanal craft of working with founders and all that stuff that maybe it's a delusion, it makes me not a great capitalist that I liked that little craft of this rather than just tasting the bigger pie of things.

**Erik:** Relative to hedge fund. Sure. But if you love startups like you do, like I do, and for many people in our position, there's the, hey, do I start a company or do I be an investor? It feels like for many people, and it's not enough jobs for everybody, but the expected value of being an investor is just higher, where even if you aren't super successful, one, you won't find out for a long time, two, maybe other people will never find out and think you are successful, and three, you'll make a lot of money or a good amount of money either way, maybe your upside is capped unless you are not having this burning ambition that you're one thing, you're focusing on changing the world in that way, but the expected value in other ways.

**Logan:** Failed senior venture capitalists are called millionaires, failed founders are called broke. You'll find other jobs.

**Erik:** And not just millionaires. Tens of millions, hundreds of millions.

**Logan:** Yeah, exactly. Failed hedge fund manager. Yeah, it is different. It's interesting. My dad was somewhat of an entrepreneur or had an entrepreneurial role and it just never really crossed my mind as a kid to go down that path. And he worked in the financial service industry. He did financial printing for Big Wall Street firms when companies were growing public once upon a time, there were PDFs around it, or not PDFs, they were actually documents and they needed to be bound and sent out and all that stuff. And I remember as a 10-year-old thinking to him, I said to him, I was like, won't this go away with the computer and everything's going to be on the computer? He's like, no, no, no. People like paper. And of course that was exactly what happened. So, I wonder, I haven't psychoanalysed the entrepreneurial journey.

He was very much an entrepreneur and had that vision and dream to do something, and I wonder if having seen an asset class or an industry collapse underneath him led me against going down that path. And so maybe I picked a slightly safer one. So I'm 35 years old, I thought now more about what if I was actually an entrepreneur and not like I'm going to go actually do it. But that question, I never raised that question from 22 to 35 and now because maybe I've reached the point that I was working towards, I was on that journey all the way and now I'm here and you look around and you're like, oh gosh, I got to where I was going, and what were the other alternative paths that existed out there?

**Erik:** Totally. And the hard thing is your opportunity cost is just so high now.

**Logan:** Totally. I'm sure you find this weird. Because I don't want to over draw an analogy of being a founder with having a podcast and trying something, it's not actually that I have safety net of a full-time job. People have asked me, Hey, why do you keep doing it? Why do you get motivation out of it? And there's a bunch of different reasons that I can articulate of why, but honestly, maybe the biggest part of it is it gives me some itch of something that every day I can think about with 10% of my brain and iterate on and try to get a little better at. And there's some mastery in that I control my own destiny versus my whole career to date has been sort of advisory and like, Hey, here's the best opinion I have, but you need to make a decision.

**Erik:** In a conversation with Daniel Gross a long time ago, he once told me, just doing venture alone, it's not high twitch enough for you. You need to be making decisions, you need to have autonomy, you need to have a playground. And yeah, podcast has been for me and for you too.

**Logan:** Yeah, I wish Daniel Gross had told me that I would've realised that. And there's a reason that a lot of people get into it at some point after some level of operational success. And I thought as a coming up in the industry and aspiring to get there, I thought because there were only two paths to pursue and one is up and one is over and over only exists if you succeed as an operator to some extent. But I do think there's elements, one, being able to draw on the experience and go deep around specific examples of, Hey, here's how we did X, Y, and Z thing at my company, that certainly is helpful. And then also there's just an element of when you've climbed a hill as an operator, being able to see across a bunch of different things and not be singularly committed and deal with the manicness of being an operator.

## Peter Fenton

**Erik:** Who are your biggest role models?

**Logan:** The person that I sort of singularly have always looked up to, and I've been fortunate enough to have him on my podcast is Peter Fenton, and I don't know him well, we sat together for 90 minutes or whatever. And the way he practised the craft and how he thinks about risk and return and the relationships and the gravitas that he carries, not to mention just the returns he's had and whatever, all that stuff. He also made a switch from Accel to Benchmark at a similar-ish age in his career. He also, weirdly, and early on when it wasn't normal, and it was more normal when I did it than when he did it, decided that he wanted to get into the industry and do that. He was like a career investor along the way, and his dad was a venture capitalist. And so he sort of picked that path based on that.

And I weirdly sort of decided early on this was my ultimate desire and fulfilment that I was going to derive from it. So, I would say he's the single person that I've watched every YouTube video he's ever done, every podcast he's ever been on, everything he's written about. So he's the one that stands out when you ask that question. But I could go through a list of just, there's people like Peter Thiel and Keith Rabois who practise the craft so differently and think so differently than I do. And I've tried to figure out, they're risk seeking and their contrarianism and their, I don't know, ethos is just so different than how I feel like I operate. And I've been fortunate enough to work with Keith on something. I've never interacted with Peter, but it's just so different than me. And that's fascinating, and that's why I think so interesting about this asset class is there's not one way to practise it. There's a bunch of different people throwing a bunch of different things out there, and it's hard when you hire. What are you looking for when there's Mike Moritz who is a journalist, or Peter Fenton who grew up in that world, or Doug Leone who was a salesperson, or Keith who was an operator, whatever, what do you hire for? And I don't know the answer to that, but yeah, there's a bunch of people we could probably talk about forever.

## Founder's Fund, Peter Thiel, and Keith Rabois

**Erik:** I've deeply admired both Keith and Peter's ability to create talent clusters Stanford, PayPal, Opendoor, even like Keith's soccer league, just whatever they do, they're always thinking about investing long-term in talent and in the talent that they know and creating these clusters around them both professionally and socially in this really interesting way.

**Logan:** I think when you're a founder and an operator, you think you happen to the world. And when you're an investor in some ways you think the world happens to you. And I have an investor mindset of I randomly serendipitously bump into things and then things happen in the world. And Peter and Keith both believe that they happen to the world and that the clusters, they make them manifest. And it's proven to be true. There's probably some level of confidence that I don't have in that, but there's also some willing things into existence in that. And so if you say Miami is going to be a thing long enough and loud enough and meaningfully enough, it eventually could become a thing. And I would never even in a million years think about taking all the arrows that go along with shouting as loudly on Twitter about that.

And so I think that it's a very interesting thing and to some extent there's an element of that talent clusterness. I wonder how much is the self-selection and specialness of the people around them that opt into that, that also view the world the same way versus the hand that they're able to shape the clay in some way of the people around them. And it's probably elements of both. It seems like all the PayPal people probably would've been mostly somewhat independently successful on their own, so different and have done so many different things. But then you look at the people that have come up within their firm, and I have to think there was a lot of mentorship and guidance along the way there.

**Erik:** Totally. I mean, it's amazing. Keith bet on Medallion (?), he was like 20 years old or something, putting him into Teespring. There are so many people in their earliest parts of their careers that Keith in his mid-forties just saw the talent and was willing to make a better...

**Logan:** I've asked him what he (Keith Rabois) looks for in people just to try to, this is just me being a venture nerd, trying to steal little bits from other people. And he will always say it's the spikes in people and you can augment everything else, which is weird. I think naturally as a liberal arts school educated person, I think my natural bias is people being good at a bunch of different things. That's what liberal arts school tends to teach you is like, oh no, you need a broad range of experiences. And it's sort of the Roger Federer mindset of he played a bunch of sports growing up and then master of tennis after over time. And Keith very much solves for where do they deeply spike and then we could augment everything else around them, which is just a different way of thinking about talent.

**Erik:** Yeah, the other thing Thiel has is he embodies this quote of if you can't compete on history, you can compete on philosophy. And not to say he can't compete in history, but I feel like Founders Fund is the firm where you can most kind of tell like, Hey, this company is a founders fund company, Anduril or Palantir or even SpaceX at the time. I think that they're just willing to be, so it's your line, right? Be Donald Trump, don't be Jeb Bush.

**Logan:** Yeah. They're willing to be polarising in a way that when you have a hundred thousand people on Twitter responding to you and you have a 90% approval rate or something that's 10,000 people yelling at you and 10,000 people yelling at you. It's hard to quantify, oh no, I have a 90% approval rating. When you have 10,000 people saying you suck, it feels bad. And ultimately there was an insight philosophically or a branding that they leaned into either by accident or purpose, and I don't know. And there's probably elements of both that like, Hey, this worldview that they have and this founder type they're looking for, they can deeply appeal to that group. And if you were just walking around San Francisco in 2012, you would've thought the ethos that they were appealing to was 5% or 10% or whatever it was, the peak of Barack Obama's presidency and San Francisco's vibrancy and all that.

You would think that that was such a small portion. And it turns out maybe it was a small portion of San Francisco, but it was a much bigger portion of entrepreneurs and successful entrepreneurs and so appealing to that group, very deeply allowed them to. There's some person out there that's a young founder who's contrarian and anti-establishment and Founders Fund is Sequoia to them, and it's like, that is actually amazing. And they've been able to do it over in the relative sense, a very short period of time that they've been able to deeply appeal. And the bet that they made was that's actually a bigger portion of the population than you would think. And it turns out, yeah, maybe it was 5% of San Francisco in 2012, but it's, I dunno, 15% now, and it's actually 40% of founders in general, or some number that is way bigger than anyone would've appreciated. And so it's like the contrarian and right two by two, they were definitely contrarian and right in that view. And it's brutal out.

**Erik:** I mean, he was vilified when he supported Trump in 2016, ran out of town basically. And I remember Medallion (?) also did this experiment for a month where he wore a MAGA hat.

**Logan:** Yeah, it still gets brought up every now and again. It makes me laugh and people still comment in his replies about that thing to him, and it's a funny thing, and I would have to lay sideways on this couch and let you turn this into more of a therapy session of why I'm just not comfortable having people be that mad at me all the time, like anonymous people on the internet telling you, you suck. I don't like it. And for some reason they revel in it and it's some confidence thing, and it's some....

**Erik:** If you make it to the side, you become indestructible, like Palmer Luckey or something. You just transcend this level. And then I think a lot of them have, Medallion (?) has, Palmer has, salon, obviously.
**Logan:** It's the best guests to have or people to talk to at dinner parties or whatever, because it's just going to be interesting. And I get such a kick out of talking to any of the, and I imagine my world views if we were to lay them out, probably don't align very much with the way they view the world, but there's so much to learn from talking to people like that. And it's fun, it's entertaining, and I dunno, you can't take, what is it? You can't take life too seriously. You won't make it out alive. And that's sort of the way I feel about all of that. I don't know what percentage is performative. I've asked Keith that question, I'm like, how much are your Twitters performative or not? And he claims not a lot, but then you meet him and he's very different than that. And so I think some of it is, and also he just gets a kick out of doing it and it makes him laugh to himself, and then he moves on and goes about his actual day.

And versus me getting yelled at, I'm like, ah, this messes up my day. He turns off his phone and goes and works out at Barry's and calls it a day and it's an impressive thing. And one of his lines, and I don't want to just ______ on the Founder Fund guys, but one of his lines is, if I forget, what if half of my venture friends don't make fun of me for an investment, it's not challenging or I'm not pushing it enough. And that is definitely not my mindset. I do not want half of my venture friends making fun of me for an investment.

## Redpoint

**Erik:** Yeah, no, totally love those guys. Let's segue somewhere, Redpoint. So on this podcast, we've talked to Sequoia, we talked to Benchmark, USV a number of firms. When we talk about the history of venture capital, where their firm fits in, how to think about their firm in the context of that, and then also how to think about their firm in the context of today's some of the big players. Where do they spike, stand out, etc. Why don't you give some of that both historical context of Redpoint and how it makes sense in the context of the history venture and then also today, how should....

**Logan:** We evolve? Yeah. So Redpoint had an interesting history where in 1999, IVP in Brentwood, which was two of the hottest firms that a lot of their people came together and started Redpoint, and it was like the internet of the internet darling funds, and you can go back and read all the PR clippings and all that stuff. And it was on all the television networks. And I forget if it was the first internet fund, but it was the biggest internet fund, and it was maybe 750 million raised in the first, in 99. And then a year later came back and raised I think a billion plus or something, and it was like peak bubble hottest thing out there. And this goes back to the founding story and having its roots in all these firms or companies is, well, we sort of know what happened after the internet bubble was a very long dark period of time. Poor internet focused big funds. And what did that mean? Well, it meant that in the early days of Redpoint, people were hoarding the press and everyone was kissing their ass saying, oh my gosh, this is so amazing and you're an internet fund and you're so big and you're ambitious and all that. I think they learned the group shied away from press and mostly kept themselves out of the limelight for 15 years after that and just kind of went to work and stayed away from a bunch of those things.

There was figuring out exactly what the evolution of the firm was going to be like over that period of time there was nurturing the next generation of people to come up, there was trying to pick the big next opportunities that were going to come out of the vintage post internet. And what emerged was a very resilient group who had shooed a lot of the things that came back into vogue over the course of the last couple of years. And so again, when you go through the founding of these things, I think institutionally had a lot of scar tissue from seeking too much publicity, raising too much money, drawing attention to yourself as the main character, which is ironic now that I do podcasts and stuff like that. But that ethos in us sort of came to be. And then we were fortunate enough through 2007, 2008, 2009, 2010, we invested in a handful of businesses that proved to be pretty transformative. Stripe. And then after that Snowflake and we were in DraftKings and series A and Looker, SentinelOne, Hashi Corp, Zendesk and Twilio and a bunch of those. And so it was a really good run of just putting our head down and doing all that.

The founders also did a really nice job of recruiting in the next generation of leadership. And so my partners Scott and Satish came in and they kind of served as the stewards that helped with the transition of the founding group, stepping back and them sort of stepping up. And so where we are today is we have an early fund, we have a growth fund. I'm on the growth fund, we call it early growth. It's mostly series B, series Cs. We have four partners on one, three partners on the other, a team of call it eight on both sides in total. And what we're looking for, we're smaller probably than the firms that look like us. We operate more autonomously than other firms. Our early growth fund isn't tacked on to it. We're not raised together. We don't have a single management company that sits across both.
We are distinct in our investment decisioning, in our hiring, in our processes we run and all that stuff, but we share all the services and all of those things that are very much co-mingled, we are a little smaller than all of the names that people know and that you've had on before. That's intentional. We will stay a little smaller. Our growth fund is early growth. We want to go a little earlier than what you would think of as a growth fund and we want it to stand on its own and not be a follow on vehicle. And all that stuff is sort of rooted in history and it's worked out pretty well.

**Erik:** Sam Lessin came on the podcast and he talked about how he thinks seed is going back to... it's not this clubby network driven stuff. It's finding things that other people don't want to do so you can get into at better prices, etc. For the stuff that you do, are you always competing with the best? And if so, how do you think about being Trump and not Jeb Bush in the analogy of be different, not just strictly worse?

**Logan:** Yeah, so there's this clubby thing I haven't thought of. Now that you say it or that Sam said it, I think that's probably true in so far as it's a byproduct of the abundance of capital in the ecosystem. I don't think it's true of seed. It's probably true of a bunch of different stages that people will play a little bit more zero-sum. And of all the trends that have probably happened that are slightly irreversible, the zero-sum nature of elements of venture is probably going to persist in some ways. And that rounds are going to be split quite the same way as they were before. If you have a $4-5 billion fund, you're trying to figure out how to deploy it, you're not going to offload some of the risks to people.

And so that is probably true. So, the question on how we view the world. So there's elements of an email address, and about this, a lot of, there's an @ sign that exists between an email address and before the @ sign, which is Logan, and there's an after the at sign that's @ Redpoint, and there's some firms that only focus on the after the @ sign and it's like, Hey, the person's fungible, or we try to make the person fungible. And that's actually a great place to land because then your brand carries beyond any individual founders can step back, people can leave, restructurings can happen all that after the @ and the email address carries the day. We don't operate like that. The people matter to us and we're a group of individuals under a single umbrella that stylistically are going to appeal to different people and are going to have different interests.

And we try to stand out as a firm, we try to be in the echelon of the group that people think about. And I don't know if that number's 10, if it's 6, if it's 15, there's some number of people in the industry and it's probably a function of you're going to be in the room with the important companies and the areas we care about. We focus very much on being in the room with the important companies and that's going to evolve and it's going to be, people thought it was crypto a couple of years ago, people are all in on AI now. Who knows exactly what that's going to look like in the future, but I don't think singularly focusing on an industry or anything like that as a long-term durable strategy, just the way markets move and things like that. So ultimately we leverage the at Redpoint to get in the room and then we leverage the individual to resonate in whatever way is applicable.
And it doesn't always work, right? If we're doing our job well, we should win 50% at best of the things that we want to go after. I will tell you there's another great group of those 10 people, it could be apples and oranges of what you're deciding on. We're not going to win a 100%, nor should we. If we have too high of acceptance rate on the term sheets we're giving, I don't know we're probably not competing hard enough and getting ourselves into the right rooms. And so ultimately the brand gets us in and the individuals are where we win. And each individual probably has a slightly different brand, a different style. I'm a little bit more out there. Some people are a little bit more measured and carry a room from a thoughtfulness of industry standpoint. And that resonates with founders. And ultimately you need the totality of what you bring to a competitive situation to be better than whoever you're competing with. You don't necessarily need any single thing to spike to go back to the earlier analogy. And that wasn't true in 2021, ultimately in 2021, people were solving for single things like, oh, I want the best customer intros, or I want the most recruiting talent, or I want the single highest profile investor. And in general, people are probably looking for a basket that's better than whoever else you're competing with.

**Erik:** Yeah. I take your point on force rank strongly. One way I conceptualise it is it's the upleveling from going from, Hey, when someone brings up your name, everyone's like, yeah, they're amazing. We'd love to have them to, there's the name that comes up first, or this is the name that I just have to have or whatever reason or that they're at this pantheon.

**Logan:** The way I think about it, by the way, is we can beat any firm with our tier A or tier number one person throwing a perfect game if it's in the domain and we have the relationships and we execute a great process. There are firms that we have to do that too. We have to execute well because they have 50 years of history and they're very venerable and we need to run a really good process, but we can still win. And there's firms that if we're not throwing a very good game, they're just going to beat us 10 times out of 10. And our job is to keep up levelling that ratio. We can be slightly off one night and still win. We can get there slightly late on a process standpoint and still hold our own. We need to keep doing those things. So, after the @ sign of Redpoint or the individual that's in the room carries a value or resonance with a founder that we don't need to throw a perfect game to beat some of the names we mentioned.

## Two firms which have risen up the venture ranks

**Erik:** By the way, it is interesting how kind of nebulous it is when you talked about who is the top 50, why isn't there a Midas list for firms? At the highest level people have an idea, but just to pick on a random... Lightspeed, which I like, but I don't know if they're number seven or number 35 in terms of after the first three, first five, it just kind of gets nebulous.

**Logan:** I think it also gets really hard to even define even that top three, top five thing. I don't know if everyone agree on who those people are. And there's also this weird thing in venture of the job that you do for your LPs is different than the job that you do for your founders. And so what resonates with a founder, there's this weird tension that exists of like, Hey, founders want good prices. LPs want low prices. And those two things are very much at odds. And so what an LP would say of who are the best funds is going to be very different than what a founder would say of who are the best funds. And there was a period of time over 2021 that the best funds were just the worst investors. And so that's one reason that there's no consistency in that is you're solving for different constituencies and that the way that they operate.

And then there is individual elements in their sectors that evolve and there's people that are early in their career or later in their career, and ultimately a board is almost like a basketball team and that you need different positions. You need someone to be a point guard and someone to be a sinner and someone to be a power forward. And so you're also not solving for exactly the same thing. Maybe you're solving for the most likelihood of success or the best likelihood of success, but sometimes you need a point guard on your team and it doesn't matter if the best power forward's available, you want to recruit in the point guard. And so there's no normal heuristic of even how to solve for the distribution.

**Erik:** Is there an example of a firm in the last 15 years who wasn't at the top three or top five but has kind of shot up? Maybe they were even 50 and now they're 10, but just has had a distinct tier rise that you admired?

**Logan:** I think the first thing that came to mind, and it was more of a rise from founding, I'll give you two that I admire. One is Amplify if people know them in the infrastructure software investing where they quite literally were founded in 2012, but pick the right theme, which was infrastructure, software and the right group of individuals to go after that. And as Sunil was an ex-Battery guy, and so we have that shared common DNA and they've just executed it well and it was the right sector to go after at the right time with the right group of people. And they have risen to one of, if not the top seed infrastructure investors. Lenny is an old Redpoint guy and he's over there and doing an amazing job. And so I hold them in high esteem of having come from nothing picked, done it well, risen to a high calibre there.

Again, another firm that's probably has gotten to go in the last 10 years, but I have a lot of respect for Thrive and how they go about doing things. They've gotten bigger certainly than we are, but there's an artisanal craft to how they think about what is a Thrive company that I respect. And I think Founders Fund, you mentioned it earlier of oh yeah. Thrive tries to have an element of that as well, and I like that. I like the design taste and the types of founders that they choose to work with and the calibre of the ambitions that the people are going after. I think it's cool. So both of them started from nothing and rose from there.

**Erik:** Did Thrive do Instagram?

**Logan:** Thrive did Instagram.

**Erik:** They also did retro.

**Logan:** Yes. Out of Instagram.

**Erik:** And when I saw that I was like, oh, that makes sense.

**Logan:** Totally. Yeah. And that's the nice network effect of the reason that venture can be compounding in the advantages and why it's a stair-step distribution and not a linear one. That access to retro coming out of the Instagram team, it's a good thing to have. I think Instagram was the first deal that put Josh originally on the map for it. And he's done a great job of building a group of individuals around him. And you also meet the people that work at both, I would say founder Fund, Amplify and Thrive, have probably a style to them that is consistent and intellect to them that's consistent to their own firm and their own individual. And ultimately that's what a brand is. We're in sort of the service provider business in some ways. And so building a brand is a group of individuals.

**Erik:** And so we talked about how earlier you don't think that there's a hollowing out in terms of this AUM aggregator machine and then this small solo capitalist or whatever specialist thing that there will be these, I dunno if these are right names, but CRVs and Mayfields and all these dozens and dozens of other firms at $500m, $700m, Maveron whatever, $300m just in perpetuity and they're not going anywhere. Do you think that there won't be this consistent bifurcation in returns where the same firms crush it forever and the rest don't? How much mobility is there in which firms are at the End of parallel?

**Logan:** That's a great question, by the way. I would say, I don't know, in the hollowing out in perpetuity, I just think that the death of the middle tier was greatly exaggerated over the course of the last couple of years. So when you're small and you go all in on something, it's much more likely to lead to random success and distribution of returns. What USV has been able to do of consistently pick new domains to go very deep into and pick companies out of that, not blanket it, not index it, but surgically pick opportunities within new, I forget what the thesis is or whatever they call them, I think is really impressive. Even still, if you pick that a 100% right, you have three of them, you're going to be weighed down by the other two. And so they're true outliers, returns in general have to come from people that are all in over the course of the people that were long tech over the course of 2021 and the hedge funds were the ones that totally outperformed everyone else.

If you pick the right asset class at the right time with risk-off, then you're going to be more likely to generate absolute generational returns. So, in that regard, just the proliferation of people that are investing will lead to the randomness of distribution. The question is if you lop off whatever the people going all in on a single theme, will it lead to that mobility? And it's an interesting question. Ultimately all logo sizes on a website look the same. And so being involved in these companies, it does matter what stage you get involved in for the limited partners, a 100%, right? The relationship matters as well for the references and what you did in that regard, I'm not sure. So, brand perception in some ways has more on the founder side has more to do with do you have those logos or do you have those relationships? And on the LP side has more to do with when you got in. And so there's these two different constituents that we're talking about. And I think that there's going to be more randomness and mobility from the LP vantage point, but probably not from the founder vantage point.

**Erik:** Yeah. Because I haven't been through a ton of cycles, I haven't appreciated it until recently. While talking to younger founders.... Just how much every five years is this new generation? And so I was talking to this group of really hot AI founders and they were asking me about investment styles and I brought up Bill Gurley and they were like, who's Bill Gurley? And I was like, oh, what investors do you admire? And they're like, this is a commercial for them. I think Zargo, ______. It was like, oh, just like how the stories don't get exactly told.

**Logan:** Well, Gurley's a perfect example of one I probably could have come up with him as well as someone that I looked up to in the industry from coming from a finance background, but still doing the craft of VC well. It does make you feel old when people don't know the people that you grew up idolising. It makes you feel old in that regard. But then also there's these moments in time we play an iterative game that is venture and it's over and over again that you're simulating it out and you never want to locally optimise for any single decision.

**Erik:** Yeah. It makes me appreciate folks like Elad Gill and Keith Rabois who are able to stay relevant every new cycle. They just continue to be with the next great entrepreneur.

**Logan:** Totally. I mean, not to just keep kissing Fenton's ass, but it's also one of the things that I admire about the ability to do Twitter and New Relic or whatever it is to do things that the consumer side and then things at the heavy enterprise side as well. And then Airtable on the PLG bottoms up thing, you're not singularly indexed to these one things. My mentor at Battery was a guy Neerag Agrawal who's an amazing investor, very underappreciated for how good he is, but he did Glassdoor, Wayfair and then this laundry list of amazing enterprise software companies, Coupa and Braze and Workato and DataIQ. And it was like the ability to bounce back and forth from Wayfair and Glassdoor to this is just impressive that people can do that stuff.

## Logan's Career Arc

**Erik:** And you joined Redpoint 2018 - 17?

**Logan:** No, December '19.

**Erik:** That was a time where people were raising big funds. You could have gone out and raised your own fund. Is that something that you considered or how did you think?

**Logan:** If not Redpoint? I probably would've raised my own fund actually. That was probably the default path. Funny enough, Redpoint turned me down for a job in 2013. I have a past email from my partner now, Elliot saying I forget exactly what he was very gracious and magnanimous in his past, but we kept in touch for six years after that and I thought that I wanted to go start something, and that was mostly the path that I was going to go on. And they convinced me, hey, why do that when you can come here and not have to build a brand from scratch and instead inherit a lot of success? That was definitely the fork in the road decision for me. And I don't know what tipped me into it. Maybe it was just a risk aversion. It was a fear of not being able to raise that fund.

It was, I dunno, but definitely they sold me very well. I'm a big hip hop fan and they all wore, there's some fancy restaurant in California or San Francisco, I have no idea what it is, and they all wore Wu-Tang Christmas sweaters to this dinner, and I was like, all right, this is a place I want to come over and work at. And so, it was actually pretty quick. The whole thing was, I mean, you could say it was six years since they passed on me, but the whole thing was two and a half weeks, which is fun.

**Erik:** Amazing. And when you think of your superpowers, is it a combination of domain expertise and sort of a compounding networks or what do you think about what makes you special?

**Logan:** This is a weird thing to say because it's circular in that I'm going to say it and that it's less true because I've said it, but I'm overly self-aware and overly self-critical and overly, I don't know, apologetic

or trying to be diplomatic about what I know and what I don't know. And so what that means is I'm constantly living in paranoia that I don't have the answer and that someone else knows better than me. And so what that leads to is some level of one humility with working with founders. There is not an answer that I feel with 100% certainty, here's the way you need to do it, but I give here are the options and trade-offs. I'm not dogmatic in the way that a founder has seen a singular experience or an operator or seen a singular experience or two or three and been like, this is how you have to do those things.
My answers are always like, listen, I really, really think you should do it this way, or I don't know, but let me try to get you to someone who does. And so that that's the single thing that I feel most confident in. The way that manifests itself is constant insecurity that other deals are going on that I'm not going to be out in front of. Other people are going to resonate with founders in ways that I'm not other industries I don't understand that I need to. And so there's definitely a level of insecurity and motivation that comes out of knowing that I don't have the credentials of other people. But just an awareness of what my role is as a investor and as a board member and as an advisor to companies, I think is the single thing that I can sell the best and is the most true.

I've been an advisor my entire career, and so never have I had the ownership of needing to make a decision. You could say that's make a decision about operating a company. And you could say that's a good thing, but in my mind, it allows for a lot of nuance and humility in talking to founders about what their options are. And also, I have hundreds of things to draw on, either from companies I've worked with or just being a student of venture and technology and all that stuff. And so I will try to give the best advice that I possibly can across the holistic version of events that have occurred in history.

**Erik:** And it also seems, unlike many investors, you're also a student of finance.

**Logan:** Yeah, I think that's right. I was an investment banker once upon a time. I don't know if I have particularly good product artisanal design eye, and I'm not an operator and I'm not a salesperson and I'm a apologetic finance guy, self-deprecating finance guy, but very much I appreciate the world of hedge funds and how they operate and the public markets and all that stuff. And so I feel like venture's such a weird asset class and hedge funds, it is just so black and white, and so the score is kept every single day on how you're doing and how you're not and what's right and what's wrong. And I very much appreciate one not to operate in that arena. I don't know if I have the intestinal or psychological fortitude to stand up to the markets every day like that, but two, yes, very much. That's where I come from. That's what I started.

**Erik:** Well, I was going to ask if you've thought about also going earlier, much earlier stage, but maybe the description that you just gave perhaps explains why.

**Logan:** Early stages, it's hard in that let's say you're an amazing early-stage investor and you hit on two 100x investments, right? Well, when there are a 100x investments, one, they're working and the ball's going far, and the best founders might not need that much help in their journey. Maybe they do, but let's say that they don't. And so you end up spending 95% of your time on just total shit shows that, hey, the companies aren't working. You did eight investments that aren't working, therefore it's consuming 95%, maybe 99% of your time and then 1% of your time. You get to enjoy that you made this great decision and the ball's going far. And so the power law, back to the book itself, but the power law of the asset class, I just think psychologically I wouldn't be equipped to deal with the amount of failure that comes from being successful in the early stage. I just think psychologically it would wear me down and needing to go to board meetings over and over again where things aren't working. It would be tough. I think the people that do that, have a level of optimism and ambition. I'm probably a, I don't know if it's optimistic cynic or cynical optimist, but there's cynic in there somewhere. And that's hard to be if you're an early-stage investor.

**Erik:** Yeah. Maybe let's end with this question. Let's say we're having this conversation seven years from now or 10 years from now. What do you think is the biggest thing that's going to change in the asset class? Is there something fundamental about how the asset class operates that you suspect to be different or just the types of players look different?

**Logan:** I don't think we're 20 to 30% overfunded in the asset class. I think we're 3, 4, 5 x overfunded in the asset class. I think there's that amount. And the reason I think that is because maybe AI will provide a lifeboat for a lot of these very big funds and will drive bigger returns and all that. But it's weird in that the feedback loops are so long that you have the success and you ride it up and the most money is made at the end of the bubble, or the biggest funds are raised at the end. And that's also when the opportunities are the most limited until a new cycle occurs or new attack vector occurs. And so that this digital transformation, this software eating world, this whatever next generation of consumer, e-commerce, social and all that stuff. We're going to continue to have legs to that.

And I'm optimistic that things like defencetech and healthcare and biotech and AI can provide new returns and vectors for people to operate in. But if you just look at the way asset classes run out, if that former bucket is getting longer in the tooth and the latter bucket is uncertain, it doesn't make sense for the amount of dollars that have been raised to be what, I don't know what the number is, but I would guess $2021 were five x what $2017 were or something like that. And that ratio doesn't make sense. It might even need to be lower than what $ 2017 or 2018 were. And fund structures aren't built to deal with that. And so that we're going to see that has to play out and it's going to play out over a long period of time.
And people are not very quick to raise smaller funds as we've seen, but it feels inevitability that the asset class is going to be a fraction of what it looks like today. And I think that's a good thing. I think it leads to, you think about the biggest companies generally, they're fairly capital efficient through a lot of the journey. And that's true of, I mean, even Facebook raised a ton of money, but they were actually fairly capital efficient throughout their early-stage. Google was that way. All the big software companies, with the exception of Snowflake ish, Veeva, Salesforce, Atlassian, Adobe, Workday, ServiceNow, were all fairly capital efficient. And so I do think there's new vectors like we talked about, Android or SpaceX or whatever. There's companies like that that are going to be much more capital intensive than it has been in the past. But I'm not sure the amount of capital is commiserate with what we currently have.

**Erik:** The AI companies are raising a ton.

**Logan:** It feels like none of the lessons of 2021 were learned, were truly learned from people. And I don't know how much of that is, Hey, the tech is so exciting and so real, and there's going to be so much GDP value created from ai, the valuation assumptions, and you go back to the way the markets evolve. The returns are generated before people realise the opportunity and then the initial people pile in and they get along for the ride. And it turns out that some of them do well and some of them do horribly. But then the later and later in the cycle, you get the worse and worse the returns get along the way. And the big lesson is that it's a lot easier to predict.

And this is true back to railroads and telephones and electricity and oil and PCs. It's a lot easier to predict who the losers are than who the winners are. And so with this AI thing, there's going to be some randomness that occurs in all of the returns and all that, but we'll see exactly what the venture returns look like. And it's never a full blanket of 15 companies or 50 companies that do really well. It's just not, you go back to the internet bubble and it was Amazon and it was Google and it was eBay and it was PayPal and it was Yahoo. And we can say Facebook even a little bit after that and we can come up with more, but the vintage of 1996 to 2002, 2003, the vintage of companies, there were not 50 companies that created a ton of equity value.

It was seven, right? And if you go back and look at mobile, most of the equity value was actually captured by Apple and Google. But then you look at the Instagrams and the Ubers and the WhatsApps, and you go through the people that created a TikTok and you go through the people that created a ton of equity value in mobile, and it wasn't 50. And so that's the one thing with all the valuations and all the rounds that are going on right now, maybe you get in one of those and nothing else matters. But I'm sceptical that people have learned the lessons.

**Erik:** Well, even with AI, the question, is it going to be new companies like with internet era or a bunch of incumbents with mobile?

**Logan:** You know what mobile CRM was? It was Salesforce. You know what mobile Adobe was? It was Adobe, right? And that's one of the things that remains to be seen. I do think that the technology itself is going to shift the underpinnings of how a lot of these businesses will work. People seem very up to the task to deal with the challenges. I think everyone's kind of red-crossing me chasms and an innovator's dilemma and whatever. All these books at these companies, some will miss execute, some will not. And so I do think there's going to be new ground for people to try to capture in AI, but I'm not sure it justifies raising 500 posts with zero revenue or whatever, or a billion. So we'll see how it all plays out.

**Erik:** Well, let's wrap on that. I've been honest with your time. If listeners have not yet checked out the Logan Bartlett show, it's a must-listen. Best investors, operators in tech, as well as just some of the most interesting thinkers, it's a must. Listen, Logan, thanks so much for coming.

**Logan:** Hey, thank you for having me. This was fun.