Business for Geeks

Should I start my own company?
-from a mostly Dutch/European IT perspective-

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https://berthub.eu/nlnog-business/

(A follow-up to http://tinyurl.com/nlnog2015 and https://tinyurl.com/next40)
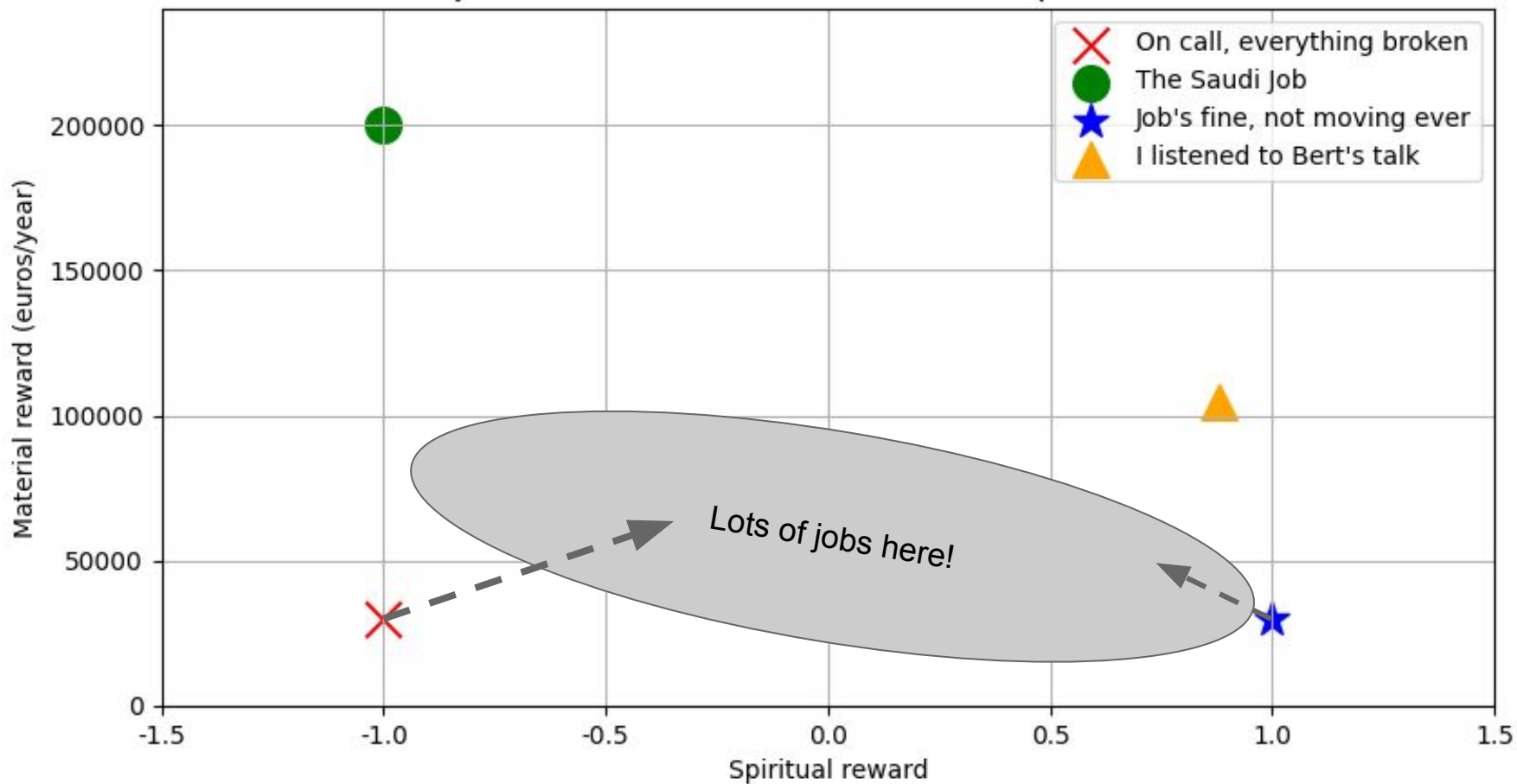
NOTES!

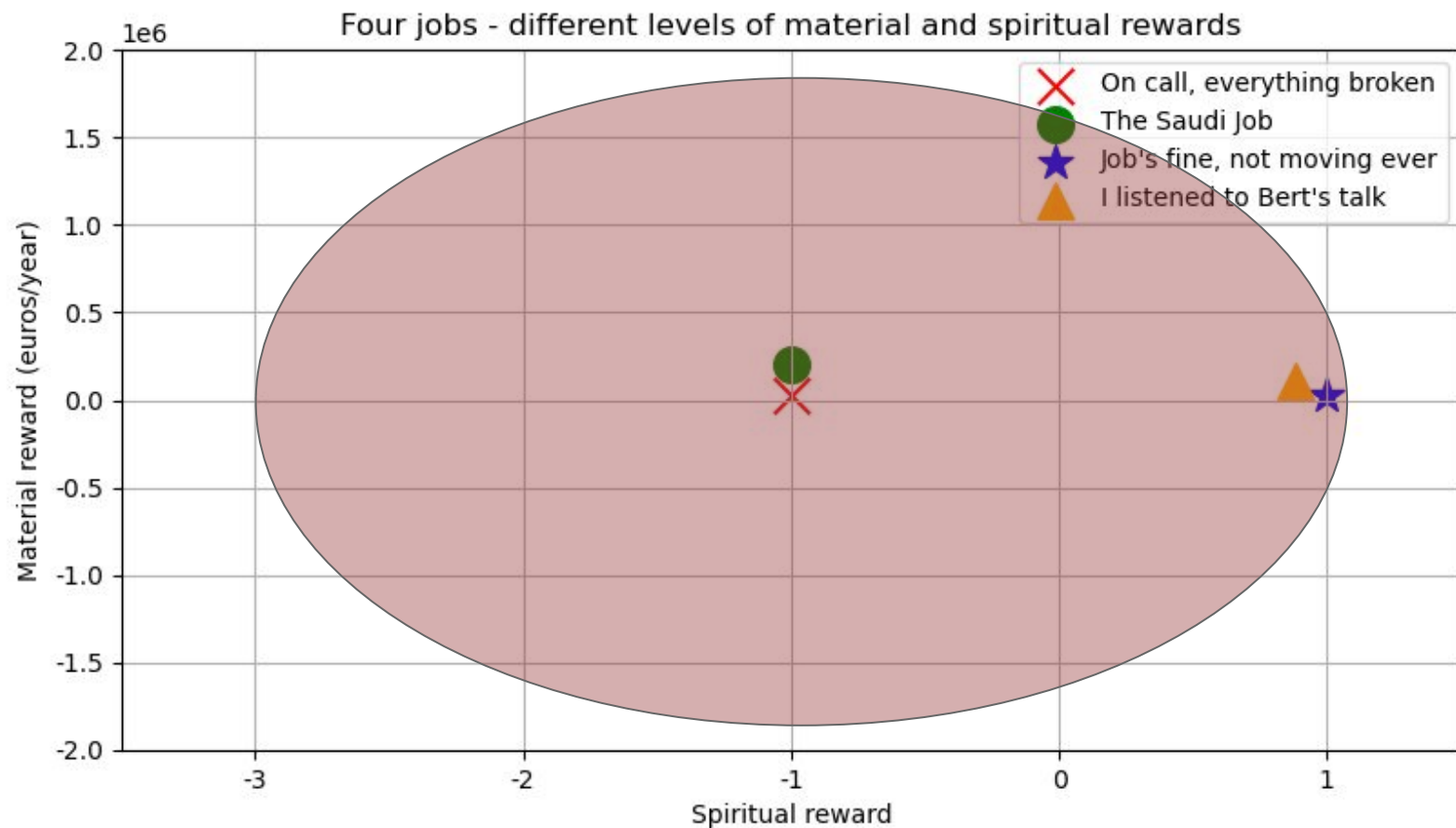# Third part of NLNOG work Trilogy

1. Escape from the data center, or, how can it be that my stupid manager makes so much more money than I do & has a better life
2. How do I get a better job?
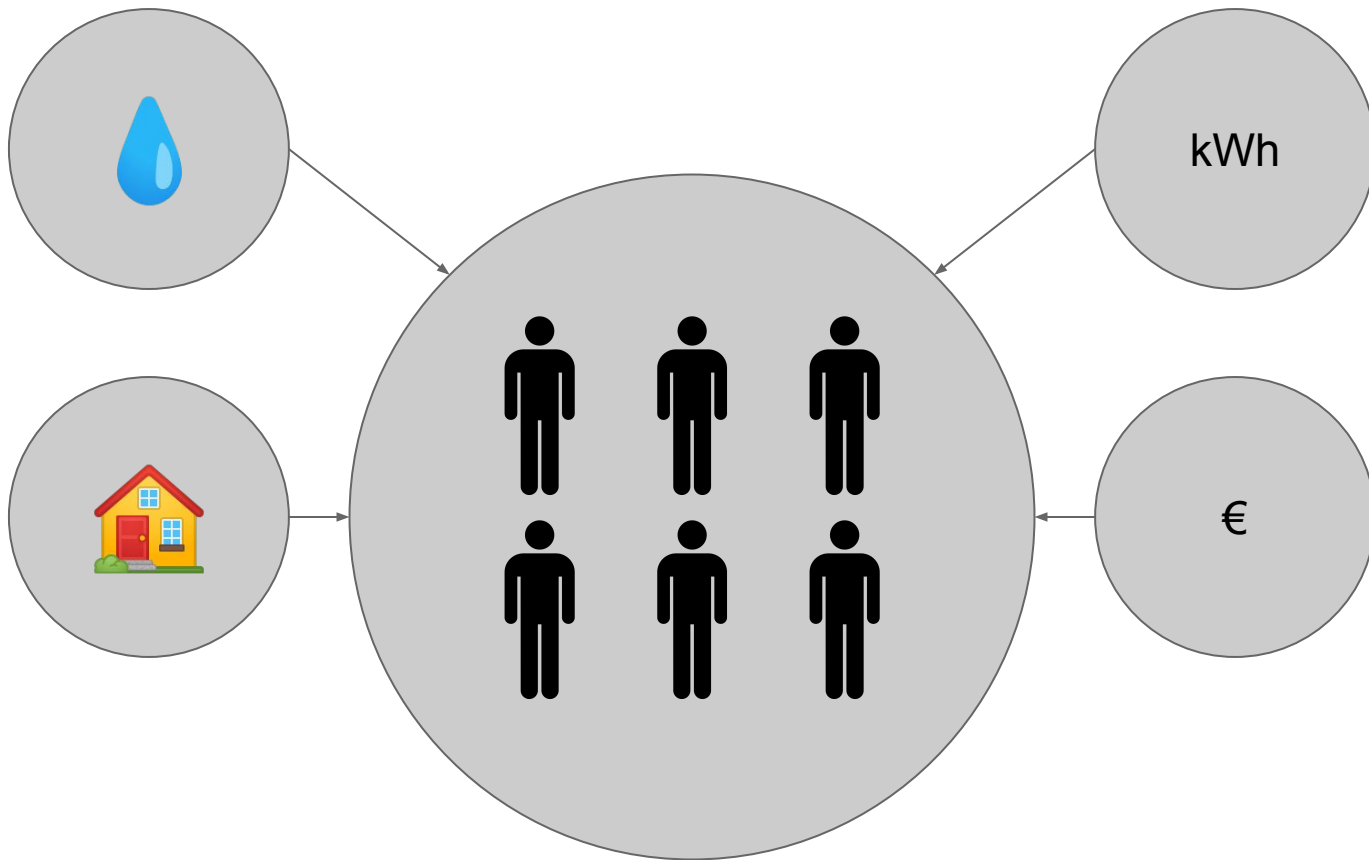3. **Business for geeks: should I even have a job?**
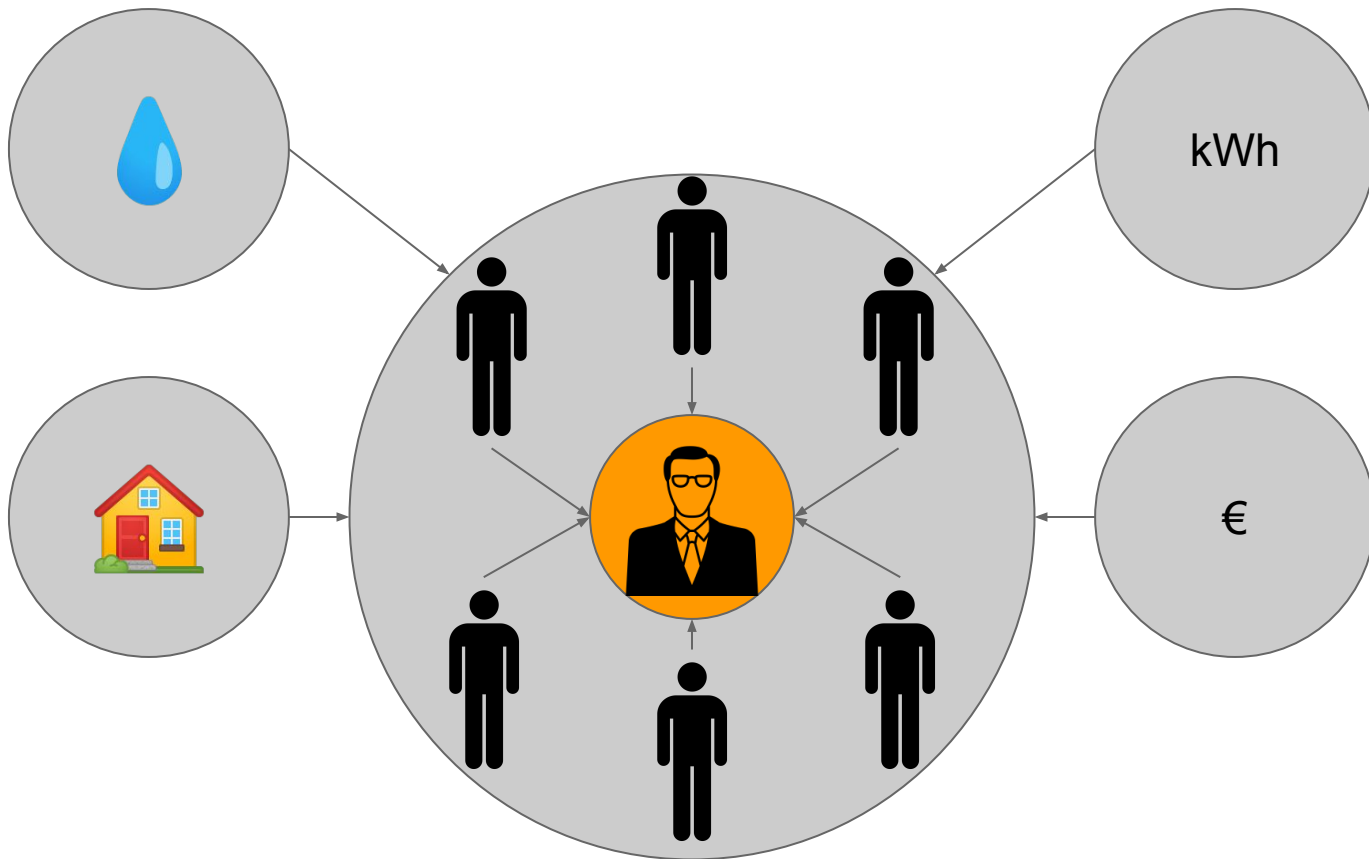
What is good work?

- Supportive colleagues, **safe environment**
- Sense of purpose ("it **matters** what I do")
  - **Achieve** something from time to time
- **Enjoying** the thing you **actually** do ("automate routers")
- Feeling that you are part of something nice ("**community**"), being **trusted**
- **Learn something new** once in a while
- Tolerable amount of **bullshit** (meetings, procedures)
- Practical things: **commute**, flexible working hours

Four jobs - different levels of material and spiritual rewards

Four jobs - different levels of material and spiritual rewards

Legend:
- On call, everything broken
- The Saudi Job
- Job's fine, not moving ever
- I listened to Bert's talk

Material reward (euros/year) vs Spiritual reward

"Employee is a very weird vendor"

- Must pay even if they don't show up
- Must agree up front how long you pay them
  - Potentially infinitely long
- If you hurt them, you are responsible
- Must even pay them if they retire (!!)
  - And continue to pay their partner if they die!
- **Cheap though**
  - **Minimum and maximum pay**
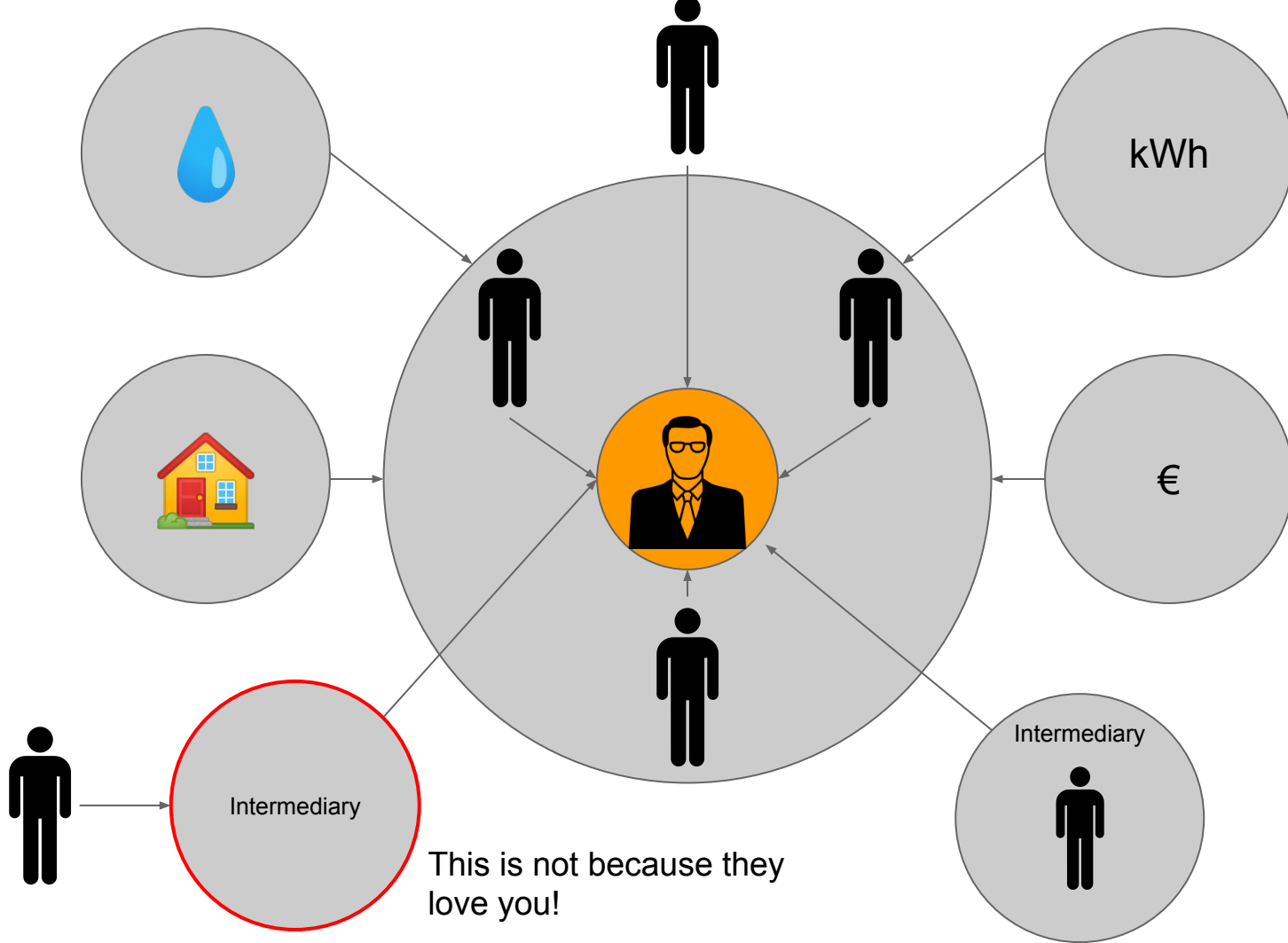- And they actually store knowledge & maybe… are your company?
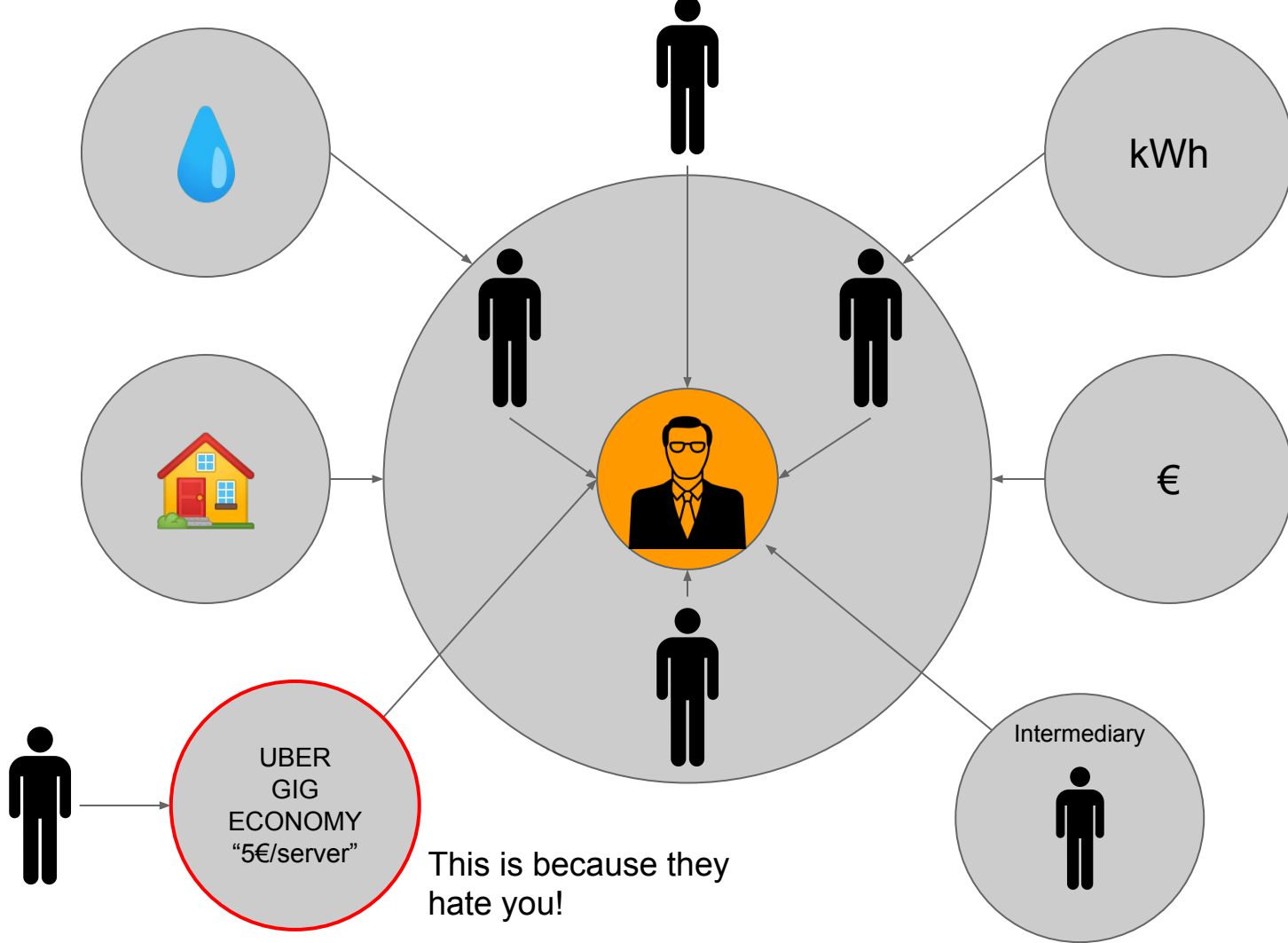
Employee is a very weird vendor

- If the employee messes up… it is your fault!
  - You hired them, idiot
- Negotiating with your own employees is no fun at all
  - They never offer you a fun job
  - Or try to bribe you
  - Also no trips to exotic conferences
- If you hired the wrong people for your new challenge, good luck
- **Shareholders worry about your personnel costs**
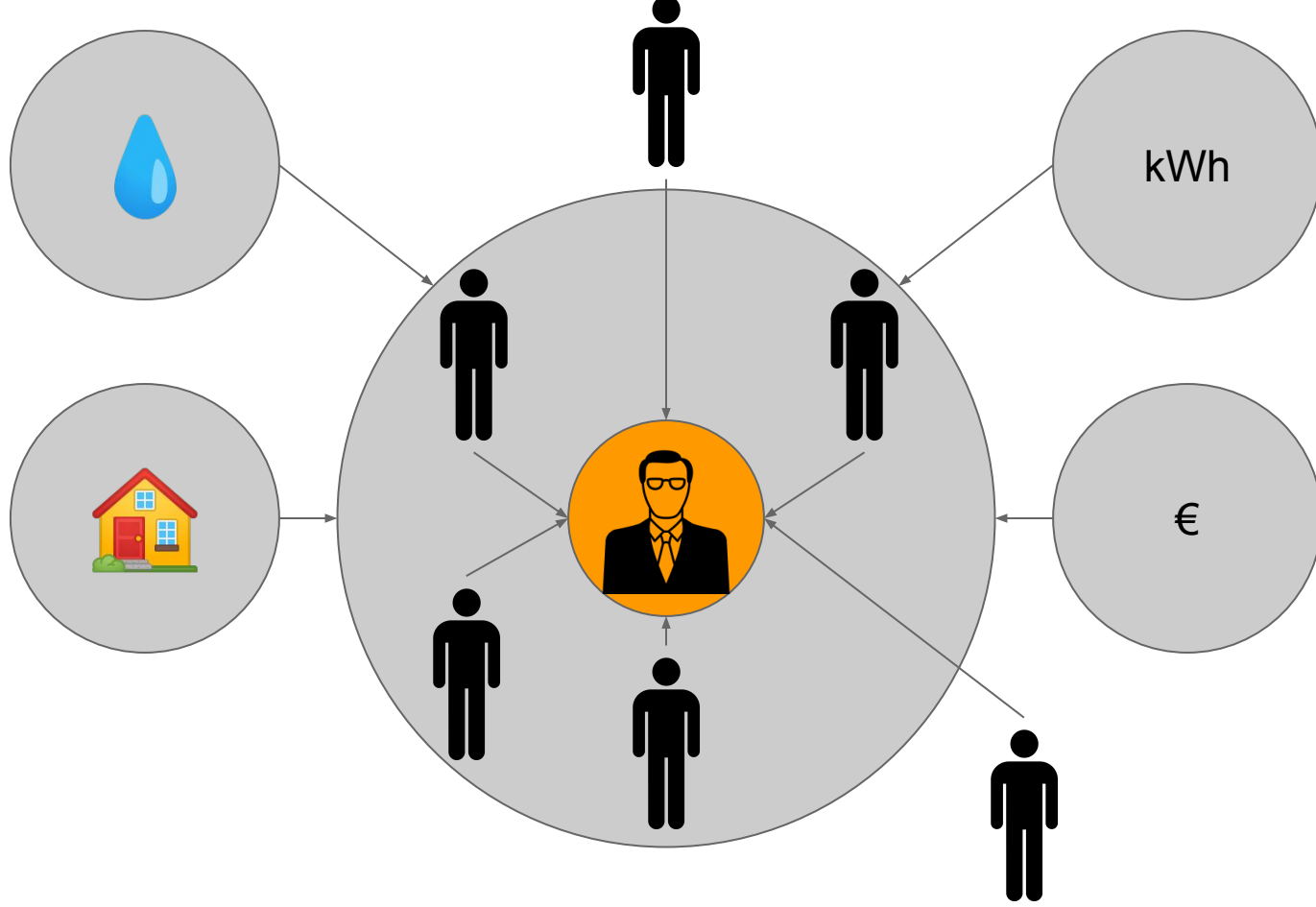
The contractor (ZZP-er)

- Can be all kinds of things:
  - Professional lawyer, plumber, electrician, marketing person
  - A way to get around payment restrictions
  - Personnel that can easily be fired / leave
  - Accounting trick
- Risk of being a contractor: downsides of entrepreneur, none of the upsides

kWh

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Intermediary

Intermediary

This is not because they love you!

kWh

€

Intermediary

UBER
GIG
ECONOMY
"5€/server"

This is because they hate you!

Being a real entrepreneur

- If you innovate and do things more cheaply, you keep (or reinvest) the profits
- (Relative) freedom to operate
  - Try new things, new pricing, new business models
  - No/very limited non-compete
- If you invent something, you can sell it to loads more people
- Customer doesn't care (that much) *how* you do it
- **Losses are also all yours**
- Note how different this is from being a contractor!

Risks

- You can really really lose it all
  - BV/Corporate shield won't (really) protect you
- And by all I mean your house and all your savings and really go bankrupt
  - 3+ years of hell
- Easy to end up in a 'head just above water' situation
  - "Selling hours"
- Might work yourself to death

So why do it?

- **You may have no choice!**
  - Regular job might disappear to country far away
  - Regular job might become terrible
  - Your legacy department is dying
  - Employer wants "everything as a service"
  - Getting too old (!)
- Chance to do something useful
- Lots and lots of freedom
- You can create a wonderful place to work for your people!
- Possibility of becoming (really) rich

Scenarios

- Big bold idea, needs a lot of **upfront** work: Tailscale, Thinkst, FastNetMon
- Big bold idea, needs a lot of work **& money**: European AWS, European GMail
- Cooperative launch with a first customer
  - Much easier
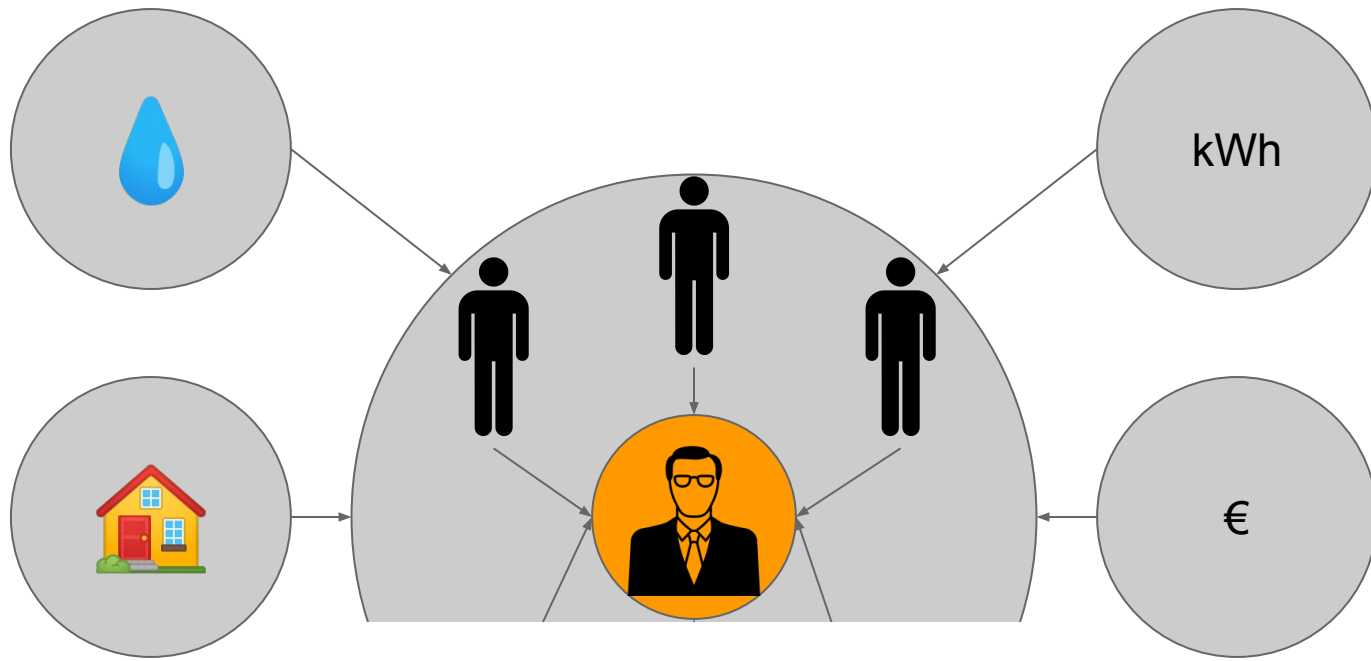
- Legacy business
- Legacy software/hardware
- Spin-out of a business
- Spin-out of a department
  - "Now as a service
- Consolidation (too small)
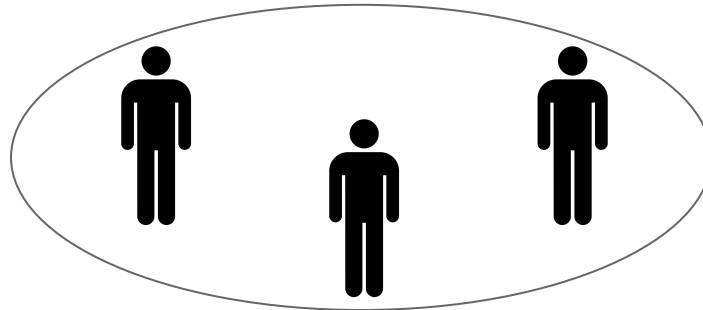
Your new customer:

- Your customer is not your (former) coworkers or technical friends
  - Technical people do not typically pick vendors
- Big management people LOVE vendors
- YOU SHOULD BE ONE
  - LOOK THE PART
- Whatever you do, it has to make sense to

Credibility

- Number #1 problem is always credibility
  - Existing vendors just have that (undeserved!)
- "it takes 13 months to become a two year old company"
- There are ways to speed up credibility
  - Ironport example, Thinkst
- Or you need to find a customer with no choice
  - Worked for me *twice*
  - May be a lesson in there

The big plan

- This really is key. Don't worry about marketing, sales, legal stuff at first
- Do you **really** understand your market/customer/dynamic
  - And why anyone would want to do business with you?
- THINK, THINK, THINK. Book: Good Strategy, Bad Strategy (Rumelt)
- Some people get lucky by accident (maybe most)
- Your plan won't happen but you still need it

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Should you start your own company?

- You may have no choice
- Know the options: don't be a fake entrepreneur with all the risks and no rewards
- Spin out/off/some kind of deal might be good start
  - It is not just 'series A'
- THINK REAL REAL HARD

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