

Powderkeg PK 144 - Eric Tobias

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SPEAKERS

Matt Hunckler, Eric Tobias



Eric Tobias 00:00

Don't get too high and don't get too low. I think one of the challenges that all entrepreneurs go through is is you know, one day you think you're going to the moon the next day you're going out of business and the truth is always in the middle. And then not worrying so much about competitors. Put your head down, go build a great business, and everything else will take care of itself



Matt Hunckler 00:31

This is Powderkeg podcast the show that plugs you into the massive opportunities in startups in tech hubs, beyond Silicon Valley that are exploding with potential. I'm your host, Matt Hunckler. And today's guest is Eric Tobias, an experienced entrepreneur, venture investor and partner at high alpha. We're going to get into all of that and more on today's show. But first, would you like to discover even more interesting companies, stories and strategies to help you reach your full potential You can get the full inside scoop with powder keg, hand curated newsletter, the spark delivered to your inbox each week with the tech news and opportunities outside of Silicon Valley that you really should know. There's tons of opportunity there. And I really want to help you tap into a lot of that. So just go on over to powder keg comm sign up right on the homepage, and each Thursday, you'll get an email directly from me with the most important stories, trends, and companies in tech. It's curated by some of the most connected people in tech hubs between the coasts with insights that you're not going to find anywhere else. So again,

that's Powderkeg comm P, O, W, D, E, R, K, E, G, Powderkeg, all one word dot com. Okay, today's guest on the show is Eric Tobias. And Eric is an experienced entrepreneur and venture investor. In fact, he was one of the earliest entrepreneurs that we had on the powder keg stage going back probably a decade ago in this fledgling community between the coast was taking off he started several companies with successful exits to public companies including batteries calm and I go digital. Most recently he was the VP of product at Salesforce and exact target before being acquired. And today Eric is a partner at high alpha, a venture Studio in Indianapolis that conceives launches and scales, high growth b2b software companies. They invest in software companies across North America. And Eric serves as a board member with many of these companies. And you may recognize high alpha from many of our other guests on this podcast. Eric is has tons of accolades from being in close 30 under 30, IB J's 40, under 40 in magazine 500, fastest growing companies many times over. And he's just a great guy. We recorded this conversation in February of 2020, which was just before the global pandemic and before we went fully virtual. So it was our last physical event we hosted at Powder Keg and we hosted it at The Vogue, which is actually owned by Eric, and it's a historic theater in Indianapolis, Indiana. We get into that as well as so much more from software to entrepreneurship, to just growing in your career, and I'm really grateful for this conversation. So without further ado, here's Eric Tobias. I'm really excited to talk to you, man, because you've got an amazing past. I could probably talk to you for this entire time, only about your past and the early days. But can you take me back to your earliest memory of just when you knew you had that entrepreneurial bug?



Eric Tobias 03:37

I was always somebody who had a lot of jobs. Going back to fifth sixth, seventh grade, mowing lawns, cleaning shoes, I mean, I just did all kinds of odd things. The first time I knew that I wanted to be an entrepreneur, was probably in college when I started doing things around digital Work and getting paid for it and and realizing that I would do it even if I wasn't getting paid. That if I could figure out how to keep doing that, it'd be pretty cool.



Matt Hunckler 04:09

And remember your first job, your first digital job?



Eric Tobias 04:12

Yeah, so I went to iu and yeah, go I users and nice tie into the vote here. So I got an I got

really into listening to live music and started recording shows bootlegs, they were called back then. And we would trade them on audio cassettes and the way to what is an audio Yeah, I know, sound like a dinosaur. But the way to facilitate that was through the internet. And so I needed to learn how to code in order to build my website, and that you know, that that was really how I got into tech. You teach yourself how to code I did, yeah. How does a little notepad and, you know, view source and copy the best



Matt Hunckler 04:54

and away we go. That's awesome. Well, I know ultimately, you found your way in The marketing technology. Yeah. How did you find your way into that sector, which of course, tonight we're gonna have almost 400 people here from around the city around the country to celebrate the awesome marketing tech scene right here in Indianapolis. How did you find your way into that sector? So early on?



Eric Tobias 05:14

Yeah. So right out of school had the privilege of starting a company called batteries comm which was an e commerce site that sold specialty batteries, laptops and camcorders and cell phone batteries. And we started in 1999. And at that point, there was no Google. You know, there were some listings of sites, but but no formal search. And when Google came around, it really opened up everybody's eyes to the power of being able to attract eyeballs to these digital things. And so in order to build our business, we needed to figure out how to go tell the world that we existed. And, you know, we did a lot of early effort to figure out how to run PPC and ad campaigns and all that kind of thing. In that process, I got really just ingrained in it because it was the intersection of data and creative and it kind of itch both sides of my brain. And then that led to, you know, a lot of things within batteries calm around helping guide customers to buy the right product.



Matt Hunckler 06:18

Any any lessons in the intersection between data and creative? I think a lot of people might cringe at that, either on the data side or on the creative side. Yeah. Tell me what that means to you.



Eric Tobias 06:30

Well, I mean, there's so intertwined especially today, the you know, everything is optimized. And as we you know, if you look out into the future, you know, algorithms,

artificial intelligence, all of that is going to continue to, to make decisions for us or help us make decisions. The piece that I think will always be an important part of the recipe that the computer is going to have a really hard time replicating is the difference. creative process Absolutely. And the creative message and and, you know, visuals and all that goes with it. And it's been one of the more interesting parts of my career is when you're internally arguing, well, it should say this, or Well, it should do that. And then you actually go and test it and let the data tell you which one's the winner. You know, inevitably, it's not the one you thought, right? And so it just kind of reinforces that you got to have both sides working together.



Matt Hunckler 07:28

Is there anything that you do or maybe you did in the past to kind of flex and grow your creative muscle?



Eric Tobias 07:35

Music is is that peace for me and then I'm very much a you know, I have a lot of extroverted qualities but I'm very much an introvert. And so the piece that helps me be creative, is making sure that I have my life in a balanced state where I have time to rejuvenate and, and spend quiet time and that directly leads me to music. Spend that quiet time you know, listening and and and kind of being contemplated.



Matt Hunckler 08:00

I want to make sure I talk to you more about music and the vote. But I don't want to miss sort of your big aha, with batteries calm and how you ended up starting I go digital.



Eric Tobias 08:10

Yeah. So again very fortunate I was 22 when I started the company and had a lot of people helping me. And over, was there one person that really kind of helped push you over the edge or gave you that one piece of advice that probably my father, yeah, just encouraging me to go for it. And, you know, realizing that that point in my life was a great time to take a risk. So probably he'd be the one but the way that it kind of evolved as we got to working with big retailers, and we had Walmart and Best Buy and those kind of folks as customers, and I was out to dinner one night with a CMO of Best Buy really great opportunity. And this was in probably 2004. And he said, ironic now 15 years later, he said our stores are incredible. We have great salespeople, they'll help you find exactly what

you need. Our online website is like a flea market. It's just, you know, all these products and nobody can figure it out. Now today, we know that that's actually been reversed, right? or certainly on par yet. But it was that kind of spark of a comment that led me to think software can solve that the online shopping experience can be better. And that led me to to go digital.



Matt Hunckler 09:25

Is there anything you do when you have that spark of an idea to really test it and see, like, is this just an anomaly? Or do you just go after it until you hit a wall?



Eric Tobias 09:36

Yeah, I had one last night and I couldn't sleep. And so all day today, I've been either writing it down, and because if you can't write it down, you can't articulate it. And then I just try to tell everybody I can and get feedback and have people say, Well, don't you know, so and so's already doing that? Or, oh my gosh, that's a dumb idea for you know, x y&z reason, but sharing before you're ready, as max Yoder says is I think a critical part of the process. And then and then being able to to document it.



Matt Hunckler 10:06

I totally agree. And we've had max on the podcast actually twice already. Oh, nice. So he's been an amazing guest. I agree on the show before you're ready peace. Don't you ever one worry, especially being a venture capitalist and looking at IP and things like that if someone's stealing your idea?



Eric Tobias 10:23

Yeah, I get asked a lot. Yeah. No, is the short answer. It's not that ideas don't matter. Ideas are really, really important. But the execution is where you know, the money's made, quote, unquote. You have to be able to understand how to take the idea and get that first customer and then get that second and third and 10th and hundreds of customer and that's where the work is done. Also, the, you know, I think there's so many ideas today that already exists, meaning the new ideas are sort of derivatives or mashups of existence. things where you're making it better or you're using new technology to improve upon the workflow or the system. The idea that we're just gonna walk down the street and have a original thought that somebody in Seattle or Austin is already working on. I just don't believe that. And so it's very much about how do you outwork and out execute?



Matt Hunckler 11:21

Well, and I think a great example of that is just how different the marketing tech spaces now than it was back in was it 2011 2012 2012? You got acquired by exact target? Yeah. Well, you didn't get acquired by go digital got acquired by exacttarget. Yeah. What differences? Have you seen the landscape? What are some of the biggest differences you've seen from 2012 to now in the whole marketing tech space? Cuz I know you've had a lot of portfolio companies in that space.



Eric Tobias 11:46

Yeah, yeah, we do. You know, I think the idea at that time, social media was still a rising channel. Mobile was still thought of as a rising channel. And this idea that consumers don't think about, that's the email channel or that's the mobile. That's just how they interact, right? And we live in a world where you're always on. And you're you have access through a lot of different places to brands, that marketing Tech has to be able to respond to that. We need to be able to understand who Matt is, regardless of how you're coming in, or whether you're a known user of a customer, whatever it may be. And, and I think I think that's a that was a thought back then I think today, it's just kind of understood. I think the other big part of it is the level of expectation from the consumer, as it relates to software has gone up dramatically. So when we launched our business, and I go digital, we launched it, Black Friday. So the day biggest shopping day of the year, and we were a start up and the user experience I'm embarrassed about I mean, it was terrible. No way would that happen today a, you know, the the customers are more educated, the retailer's more educated. And we're all using software so much more, that if an experience doesn't match our expectation, there's so many options we just give up quicker. So the as it relates to early stage companies, you know, your MVP has got to be better. As it relates to ideas, it's got to be more thought out. And as it relates to funding, you know, just takes more to build companies these days.



Matt Hunckler 13:26

Yeah. Well, and talk to me a little bit about that, because you're in a very different phase of your life now than last time you did a fireside chat back in 2011 2012. Whenever that was. Talk to me about that shift. Are you in a different headspace entirely as a VC than you were in the CEO role?



Eric Tobias 13:46

I definitely don't like to refer to myself as a VC. Even though that is what I do. But we are

still operators. You know, Mike, Scott, Christian and I and all the team at alpha. We're building companies day in and day out. Sure. That's what's unique about our model. We're both a studio and a and a fund. And I continue to have great empathy for entrepreneurs. Because I face a lot of those challenges every day myself, how are we gonna get the next customer? How are we going to build this product? How are we not going to run out of money? I think the thing that is different is through the I go digital experience. And then spending time at Salesforce. I have I've had a peek on what it looks like to achieve scale. And it's no longer scary. In fact, it I've embraced that ambition level of, if we can do it one time, we can do it lots of times. And I think entrepreneurs need help. If nothing else, just coaching and talking through that and reinforcing that they're doing the right things and helping them stay in the lines. And so a big part of what I view my role now as a VC is not only to apply the experience that I had, but also apply the mentality that That maybe was missing, or that could have been stronger. When I was an operator myself,



Matt Hunckler 15:05

what's one of the most frequently given pieces of advice on operator mindset,



Eric Tobias 15:12

yet, don't get too high and don't get too low. I think one of the challenges that all entrepreneurs go through is, is, you know, one day you think you're going to the moon the next day or going out of business and truth is always in the middle. And then not worrying so much about competitors, put your head down, go build a great business, and everything else will take care of itself. And don't get hung up in, you know, the minutiae of, of what others are doing.



Matt Hunckler 15:36

Yeah, that's, I mean, that's great advice. What are you most excited about right now that you're seeing a lot of different companies a lot of different ideas? What are some of the spaces or sectors that you think are going to be the biggest growth opportunities, whether it's an investment or starting a company, or existing companies extending their offering?



Eric Tobias 15:55

Yeah, into that space? I mean, gosh, there's so many but a couple things come to mind. Sure. We worked on a sprint week last week, which is our process of high alpha for new company creation. And I was reminded that a company like MailChimp, everybody's

heard of MailChimp, work with MailChimp. MailChimp is about an \$800 million business serving kind of small to medium sized businesses. MailChimp was started in 2001. That's 19 years ago, and the technology that runs that product and that business. I mean, it might have been 1801. I mean, it's it we the world has just changed dramatically. And so why do I bring that up? Well, there's there's all kinds of opportunity to disrupt existing categories, existing businesses, with the latest and greatest. So that's kind of one line of thinking. And then the other is a totally different line of thinking, which is, what are the things that we don't even think about or utilize or imagined today that we know will take place and AI is such a big part of that. We have an amazing data science team and high alpha working On the next set of innovations on, you know how computers can help us as humans do better in our jobs, it's not to replace humans, it's more to help us make decisions faster use data in ways that we weren't otherwise able to. And that will provide a whole new set of tools for us as knowledge workers, day in and day out.



Matt Hunckler 17:22

I love that you brought up the fact that new technologies like AI just open up entirely new categories. In fact, this week's podcast was with Mark Clark and from who runs your data science. He was phenomenal. He was our last Live podcast guest as well. Tell me a little bit about your take on people who work at software companies or who work in tech, how in depth do they need to be staying on top of some of these new technologies, you know, even if they're not a software developer?



Eric Tobias 17:50

Yeah. Yeah. I think always having a working understanding is is really, really critical. And it's hard because stuff is coming at you all the time. I have trouble keeping up. I'm sure everybody does. What are your go to resources? I read a lot of Route a lot of blogs subscribed to a lot of email newsletters, trying to carve out time for learning is is really important. Are there



Matt Hunckler 18:09

any ones in particular that you're like? These are consistently good? Are you kind of like a grazer? And you see something that looks interesting and you go deeper. I'm a grazer, me too.



Eric Tobias 18:19

Yeah. I'm a grazer. I'd love to tell you. This is the one. Yeah,



Matt Hunckler 18:22

but I would like to find a new field degrades it, which is why I asked Yeah, if you had any new



Eric Tobias 18:27

Yeah, it's a check. I've recently gotten into with venture a lot of business music. Oh, interesting writing and that that's interesting intersection, because there's a lot of tech disruption going on Absolutely. In that world. So yeah, I'm a grazer.



Matt Hunckler 18:40

Well, so talk to me a little bit about the music business. I obviously there's been a thread throughout your life has been a creative outlet for you. Now, it's also a business outlet for you as well. How did you come together with some other entrepreneurs to buy the Vogue, which has this awesome history? Yeah. How did you decide To make that plunge,



Eric Tobias 19:01

thanks for being here. It's fun to have everybody here at the Vogue. So Scott Craig and I have known each other a long time went to high school together and spent a year and Xavier together and been just really great friends, co founder of Moby right co founder, Moby. So as he was building Moby and I was building batteries calm, and then I go digital, and we've just we're, we're kind of business acquaintances and friends. Yeah. And one night at the high five. We said, Hey, wouldn't it be amazing if someday we owned, you know, a music venue? And and then Scott was working with Andrew Davis and they had been comrades at Moby for, I don't know, five, six years. And Andrew kind of stumbled upon the fact that the Vogue was looking to make a change. And, and I was fortunate enough to just get the call from Andrew and Scott to say, hey, do you want to you want to do this and it's been such a special partnership, to work with those guys and then to inherit, what is, you know, frankly, didn't know what a city Treasurer at



Matt Hunckler 20:00

Tell me a little bit about it. What's the story of this place? Knowing that we probably only

have about 510 minutes left, but yeah, what what are some of the was the arc of the bow? Because I mean, it's been a movie theater. At one point it was maybe a Not, not g rated, not g rated movie theater. movie theater. Yeah. These walls could talk, but also like Willie Nelson is played here. I remember when Snoop Dogg was coming through here. Oh, yeah.



Eric Tobias 20:28

Yeah, we've had some amazing artists on the stage. And hopefully that trend continues. Built in 1938. Wow. One of the first movie theaters I think was the second movie theater in Indianapolis. No kidding. And, and went through a transition. And you kind of fast forward to modern times. It's been a nightclub. It's been a concert venue. It's kind of going back and forth as as music trends have changed, and as broad ripples change here,



Matt Hunckler 20:51

what



Eric Tobias 20:52

I love about it is it It serves a lot of different audiences with a lot of different genres and a lot of different types of events. I think that popery is really interesting. You know, one night we'll have a bluegrass band The next night. There's a rap artist, we had eSports in here last night, we'll do movies every Monday, kind of back to the original roots. A lot of private events for companies are doing, you know, corporate retreats or off sites. We're just trying to get the community in here. And one of the things we've heard in this journey is, is Gosh, I haven't been here since I was, you know, however old and and i think people forget about the vote. Yeah. And we're trying to, you know, talk about marketing and marketing tech. We're trying to use a lot of the tools out there to remind people that we're here.



Matt Hunckler 21:40

Very cool. Well, and I know, we've had this, I think our third event where we've had 300 plus people coming in, thank you for marketing tech, and thank you. I mean, it's an amazing venue. The staff here is amazing. Yeah, they are and I'm curious, you know, you're bringing a lot of this marketing technology to the music quarreled in the venue world. So anything that you're learning in the music, business and venue business that you're taking over to what you're doing at the high alpha side?



Eric Tobias 22:07

Yeah, great question. Yes. I think the, the one of the risks we run in all software companies is getting away from the actual customer who's using the software. And one of the great experiences about this, this journey for me has been getting back to being a user of software and seeing the pain points that everyday businesses, especially the size of the Vogue, go through when trying to go through a digital transformation. When we got here, everything was done on paper. And we've been going through the process that many, many companies are going through of trying to modernize and use technology to be a differentiator and to be an advantage.



22:44

Well, that's not easy.



Eric Tobias 22:47

And a lot of software companies today take for granted that their users understand how to make that leap. It's really informed me of the need to have services accompany the software. Especially at the early stage, and and also to really focus on that onboarding experience of new customers and new users to hold their hand a little bit through that process. As a VC, do you ever cringe when you hear a software company has a services arm? No, I don't. I don't



Matt Hunckler 23:15

know you're not a VC or not?



Eric Tobias 23:17

I don't I think I think the mistake actually is is shying away from it. Okay. Once you achieve scale, it's super important to have, you know, the, the blend of product and services figured out but at the early stage, it's so messy. You just gotta make customers successful. Yeah. And oftentimes, the best way to do that is augmenting the software with people.



Matt Hunckler 23:39

That's great advice. My last question for you is, what are you most excited about for Indianapolis right now? I mean, you've grew up here and you started several companies

here. You're still starting companies at high alpha investing in new businesses. What's your greatest hope for this community that's here tonight and out there in broad ripple?



23:59

Yeah.



Eric Tobias 24:02

I said this to an entrepreneur earlier today who is asking for feedback on a on a pitch. We're so humble, it's probably our greatest asset. It's also as most things in life, the things that are so positive, have a dark side. And the dark side for us is that humbleness can limit our ambition. It can limit our ability to think big at times, and to feel like we belong on any stage. My wish for the community is to see themselves, like others, frankly, see us. We have people come into high alpha every day, from both coasts, and frankly, from all over the world that say the stuff that's going on in Indianapolis is incredible. The companies being built here, the technology scene, the innovation, the quality of living, I mean, there's so much to like about what's going on. And I think we have a tendency of being like, well, shucks, of course, no, this is amazing. Like, it's amazing place. And have a little bravado about that and to not apologize for that. And then translate that out into the business world of let's go build some amazing companies. And why shouldn't happen right here in Indianapolis?



Matt Hunckler 25:11

I love that. That's a great question. And this is a great night to celebrate and take Eric's advice and share some of the stories you hear tonight, from Eric from the other entrepreneurs you're going to see here on stage. It's going to be a great evening. Thank you all for being here. And thank you, Eric, for sharing your story. Thanks for having me. Absolutely. That's it for today's show. Thank you so much for listening. Also, a huge thank you to Eric Tobias of high alpha, make sure you go check him out at [high alpha.com](https://highalpha.com). And for links to Eric's social profiles, and the other people, companies and resources mentioned in this episode, you can head on over to [powder keg calm](https://powderkeg.com) and check out the show notes there. And if you're currently in the market for finding a new role, Powder Keg can connect you with some awesome tech companies between the coasts that are growing like crazy right now. You can apply for our free matches platform at [Powder Keg comm slash jobs](https://powderkeg.com/matches). Matches has a specialized focus on tech hubs outside of Silicon Valley so you can easily navigate this opportunity packed landscape for potential. Our job matching platform leverages thousands of participants, employers and teams within our

ecosystem to get you connected directly to decision makers shortcutting the hiring process. Apply today for matches at Powder Keg comm slash jobs. And to be among the first to hear about the stories and entrepreneurs investors and other tech leaders outside of Silicon Valley. Subscribe to us on iTunes at Powder Keg comm slash iTunes. I would be forever grateful if you left us a review. And if you have already thank you so so much. I'll look for those reviews and we'll catch you next time on Powder Keg podcast.