

Skype's Early Investor: To Bankruptcy And Back – with Morten Lund

Three messages before we get started.

First, who's the lawyer that tech entrepreneurs trust? Scott Edward Walker of Walker Corporate Law. Here's what Neil Patel, founder of Kiss Metrics, says about him, "Scott is a great lawyer. He is affordable, responds fast, doesn't charge you for five minute phone calls, and always gives great advice. Walker Corporate Law.

And are you still coordinating projects by email and wondering why you're not productive? Would you check out Teamworkpm.net? Teamworkpm.net is trusted by Universal Studios, the University of Texas at Austin, the U.S. Army, and other large organizations. But if you're just trying to coordinate with a small company, maybe just two people, it will still help make your team more productive. How much more productive would you be if you used teamworkpm.net?

Finally, do you know someone who wants to build an online store? Tell them that Shopify is the easiest way to build a robust store. Then you can show them who else created stores on Shopify, including Tesla Motors, Pixar, Amnesty International, Foo Fighters, and others. Shopify stores look great, are dependable, and they generate sales. Shopify.com.

Here's your program.

Andrew: Hi everyone. My name is Andrew Warner. I'm the founder of Mixergy.com, home of the ambitious upstart and you guys know what we do here. I interview entrepreneurs, have very open conversations about how they built their businesses, what happened along the way, and this is a site where entrepreneurs are shockingly open.

Today's guest is one of the most open founders that I've seen. He is Morten Lund. Morten was one of the first investors in Skype, which famously sold to eBay for \$2.5 billion plus potential performance based consideration afterwards. In 2009, he shocked everyone in the tech world, including me, by saying openly that he was bankrupt.

I want to find out what happened, what he learned from the experiences leading up to that, what he learned from the experiences afterward, and I also want to find out about his comeback which includes running two companies—Trade Shift Network and Everbreak. If I'm speeding through this intro it's because I know we don't have much time together. It's evening time where you are Morten. Thanks for doing the interview with me at such a late time.

Morten: It's a big pleasure of course.

Andrew: All right. By the way, I've heard you say that when you're down that's when you know who your friends are. Can you give me an example of somebody who showed you, when you were down, that they were a real friend?

Morten: I think I have a small army of real friends. A part of the story is that I have never been stacking my money in the bank. Whenever I've been loaded I found it natural to distribute whatever I had been gaining into new startups. A lot of these people have been coming back to me. Also in the community around me, especially people within 10 years plus me, have enjoyed that there was a fresh way at looking at things and more or less been funding my craziness.

Andrew: What does it mean, by the way, when you're loaded everyone around you was loaded?

Morten: Basically what I had done, there were three or four times where I had sold companies of decent size and then taken home cash and I had been putting them into new funds, new structures, where I've been leveraging my own cash but always with my own cash as the driver for whatever we wanted to do. I been funding like a hundred startups with my own cash.

Andrew: I see. So whenever you do well you have more money to fund other startups instead of just keeping it in the bank and CDs, which is what I do.

Morten: Yeah, and I never went into real estate. I've been investing in people and businesses.

Andrew: I read old articles of yours, back I think from the mid-90s, where you basically said to other investors that they don't have balls and that they're not taking big risks. In light of what happened afterward, do you think that maybe they were doing the right thing and maybe you needed to take fewer risks?

Morten: It's a personality thing. Everything I say is of course a reflection of how I function both mentally and psychologically. Until I was 20 I did nothing but sports. Of course, if you come from that angle where you're not afraid of really anything because you know that if you practice enough you can probably win. You need a good team around you. That's been my way of doing it. I don't want to promote it too heavily, for instance, going bankrupt, it's very tough. It's not something that I can promote but for me it's been as natural as selling a company. It can happen. I should have structured it different. I should have made some different funds and made a smarter structure. It was in my veins, in my DNA to take that kind of risk. I'm not young any more. I'm turning 39 but I have the energy and I have the love and the drive to really game changing projects.

Andrew: Morten, when I have you in a small setback, if I post a bad interview, if you and I don't hit it off really well here today, I'm going to kick myself later tonight. I'm going to feel bad. You're telling me that going bankrupt didn't even feel that bad to you? Didn't even feel as bad as to me a bad interview or are you minimizing it or is this really you?

Morten: It's not that it doesn't feel bad. It's the worst thing. You're sure that everyone can see that you're a failure. Here it was insane. I was on one of the most viewed TV shows where I had to go and defend what happened with this big newspaper project. It was really tough but then again, that's what I do and that's what entrepreneurs do. You will sometimes fail. Otherwise you can't make that home run of an interview. You're starting on shakey ground. You don't have the CNN crew behind you or the name when you call all of us entrepreneurs. It's about the risk. So for me it was terrifying. It was really the worst thing that could happen but then again it was not difficult to turn it into a big opportunity. I had been fairly loaded since I was 26. I had been investing. I had been seriously trying to copy Ron Conway and these guys. I didn't really understand what money was. I'm not coming from a background with money. My father sold a company when I was 19 but I grew up with nothing. He built it from when I was like 15 until I was 19 so I was very involved. I saw how it was possible. With this whole sports brain of mine from it's small village where it would just fight me, what was so easy because everything was just about the other village next door was stupid and we had to fight them. Whether it was sports or whatever, that picture also reflects a lot of how I am, a very simple-minded guy from the farm side.

Andrew: Who still had this vision of what was possible? And you said at 26 things changed for you. What happened at 26?

Morten: One of the first companies I was building I built with my very best friends. They studied. I never managed to really show up at the university. Then when we were like 21 or 22, we agreed to go to Copenhagen and try to start a company. If all these other guys could do it why shouldn't we be able to? Basically, we had no clue what we were doing. We were trying to sell hardware and we totally fucked it up. Then suddenly the internet came along. The browser in '94, '95 and we tried to sell some internet dial up connections. Sell email address that didn't really work. Suddenly this whole web consulting, this combination of a consulting shop and the colors of the websites but also the back end technology. There was a liberalization of the tel-co world here in Scandinavia. An amazing man called [inaudible] started to build out this company called Tier2. He simply into every market as a tel-co number two. Tier2.

Andrew: Tel two? Like Tel-co number two. I love that name.

Morten: When the monopoly broke. We were super lucky by collaboration with Leo Barnett, the advertising agency. We grew the business over four years, four and a half, five years to 100 people. We were in the middle everything. You remember razorfish probably?

Andrew: Yep.

Morten: It was so hot we simply had a blast. We had a fantastic company culture. We were super young. It was just amazing. It was a dream coming true and then out of the blue came razorfish, all these guys that wanted to buy our company in the two digit millions of dollars. We never saw that much money in our lives. It was amazing to be like 26, 27, and have what to me occurred like all the money in the world.

Andrew: Okay. Then what was the next step after you sold?

Morten: Then I started an incubator. We sold it just before the whole market closed in 2000. I managed to raise an incubator before with some really smart people. Morten fucked that up as well. We had too much money too fast and invested it. We didn't really know, basically we did a lot of the stuff that you could do now, 2.0 this crazy simple stuff. We tried it out but

there was no people with the swinging credit card online. The population was still too small. Now you have the masses who can do whatever. You can do shoes or groupons or whatever. I'm the biggest fan ofgroupon but it's a very simple idea. I've tried 20, 40 companies that was 10 times more complex but here it's just the simple idea that works. We tried and tried and tried all kind of monetization of weird data mining engines. All kind of crazy stuff, and it was amazing.

Andrew: Morten, this interview is so painful for me and I'll tell you why. When you say 'and then we fucked it up', to me that's like a ten minute conversation and I'm looking at the time saying 'he's got to go to sleep at some point soon'. You're in Denmark. I don't know how we could squeeze it in. I'll tell you what. I want to give you and my audience and even myself in this conversation as much value as possible. So when we dive into one of these, when you say you fucked it up with the incubator, be more specific. What happened? I really want to learn. I've got college students who are listening to me. Business friends of yours and mine who are listening to us.

Morten: It was really fast about \$8–9 million. Remember, when we had this agency, I was the head of creative and I was the first guy to learn some Photoshop because somebody had to do the graphics and use all these weird Frontpage crappy programs to build the websites. Crazy times. It was evolving so fast so it was natural for me when we had 2 or 3 clients that they would use the concept of whatever. I just sprayed out. I was, by the way, fighting with my partners all the time, 'If we're so fucking smart, why don't we build the companies ourselves?' We were a consulting shop they convinced me and thanks to them, Jimmy at goviral, which just sold to AOL last week, these are my partners, where they've all been extremely successful afterward, after we split up. Then we had this little incubator, \$8–9 million, and we raised them in two months. In our heads we could raise another 15 or 20 if we wanted to. We deployed all the money into 12, 15 different startups. Small ecosystem from PR company, to coating house, to a couple of mobile startups, market intelligence companies, maker of gaming engines, super interesting stuff. By the way, at that time there was this pretty annoying kid called David who hung around. He had a gaming website called Daily Rush. That is the guy we all know as David Henmyer, the guy behind Ruby. That was the kind of kids that were hanging around. Another guy in that crowd was one of my really good friends who started a company called The Steal Series. If you're into computer gaming you probably know this Steal Series brand. He started producing glass mouse pads and that's now a

\$100 million revenue company ten years later. He just kept on with it.

Andrew: He expanded beyond mouse pads, of course?

Morten: Yeah. Keyboards, mice, the whole shebang. Amazing company.

Andrew: So now you have these resources and experience and you're saying there are all these opportunities, we'll bring the entrepreneurs in, we'll help them by giving them money and help them by giving them ideas and access to us, and we'll help them sprout. Why didn't that work out? That sounds great.

Morten: It goes back to have \$9 million so fast. We just raised this little incubator in a snap so we couldn't imagine that we couldn't get more money. We just deployed all \$9 million in a snap, well knowing that every company we started would run out of cash in 7 to 9 months. It was way, way, way too fast, especially since the bubble burst in our face. We had no chance to keep up with that. We sold that pretty fast. We didn't want to give up so we were fighting with it for like two years. We were too proud. Simply the strategy was wrong. We should have had five or six times more money if we had been following that out. We were pretty open. I always have. We gave the people their companies, this Steal Series guy just got his company. There was another messaging company. We gave it to everyone, made it survive, and then we rolled away. I started an anti-virus company called Bull Guard. At the time did a lot of viral marketing. Did it on the back with Nicholas and Janus at the [inaudible] thing. I helped them on some business development. Again, it was obvious that we had real superstars around us, like Nicholas and Janus. They had all of these insane fights with the record industry and then it evolved into they wanted to build voice over IP kind of speaking services. It started with something they wanted to share wi-fi called Skyper. Then they modified. Somebody said somewhere that maybe we could put a voice coding into it and they asked me if I wanted to invest in it. I was not really keen. I thought it was a little bit loose. Stupid to compete with ICQ and Messenger. That sounded insane to me. Then the rest is history. I know what I invested in the company. I gave them some cash for their apartments because they couldn't afford to live there because of the lawsuits and all the crap they had around them. Then Skype, that's what we're using now.

Andrew: Right, you and I are doing this interview via video Skype. We count on it every day. You're saying you didn't invest in the company. The reports that I read were wrong. You gave them money for their apartment and then they gave you shares of the business later?

Morten: Yeah, and then we converted some and I also put some real cash in. We were hanging out a lot. It was natural for me. I'm weird with money. I can't really take them serious, you know?

Andrew: You can't take money seriously?

Morten: No, not until my latest experience with the bankruptcy and having four kids. It gave me a little of a wake up call. Until then, they've been coming so easily and I've been so lucky.

Andrew: Let's unroll that a little but because to say that you were just so lucky does your experience and hard work a disservice and leaves my audience with less than a clear sense of what happened. If you were to really inside evaluate yourself and say this is what got me here, the success, what would it be? It wouldn't be luck. What else would it be?

Morten: I think it's the ability to believe in miracles.

Andrew: The ability to believe in miracles? For example, like when?

Morten: Just in every way, shape and form. You have to have this. The glass for some people is just half empty. For me it's just half full. I can't change my lust for live and I'm still so impressed with the whole internet thing. How we are using our computers now. I don't even know where you are in the world. It's just one big neighborhood. You can talk to the most interesting people. It's insane. I'm just so curious. I can't stop playing with it. I love to make these big sketches, you know, drawing down all of the stuff I hear. This is my notebooks from these days.

Andrew: That's yourthe first page was clearly a website that you drew in color. It's not an average sketch.

Morten: I can just keep getting stuff from the combination of just meeting people and reading a little bit about technology. You can be a remixer. There is no end to what you can do if you have the chance to also be able to attract some good people, attract a little bit of money, have the drive, and then actually just do something instead of talking.

Andrew: Take me to that. You said you're too optimistic. You're a romantic. I can see it in your eyes and in your drawings and in everything that you've done in your career. You are optimistic and believe in miracles. Take me to the next step. Once you believe in miracles and the next step is to study everything and pull in as much information as possible. Then what do you do with that? You were starting to say 'and then do something about it.' Do what? What do you do?

Morten: Basically I think everybody who has the ability should really study deep.

Andrew: Study deep?

Morten: You said that on your old notes. Study everything. But I don't study everything. I've been through so many of these creative processes and also being creative head of a pretty big agency, that you have to follow it when it feels right. Because you will never know. Basically, the only thing you can prove is basically you can disapprove things but you can't prove success until you do it. You can disapprove all kinds of stuff. You can disapprove that we cannot have a 3D conversation thing here because I can't see your hand coming out of the screen. Technology is not here yet but we know it's going to be there pretty soon. I cannot prove when it will happen. We can just say it will happen. That whole thing, I don't study deep or really broad, I just take all of the knowledge I have, I call the weirdest people all of the time because I'm interested and I'm curious.

Andrew: For example, who do you call? Who would you call who some would consider weird but who is eclectic enough to open your mind up to new ideas?

Morten: I think I have a lot of professor people.

Andrew: Give me an example of one. I understand better with one example.

Morten: Right now I'm very interested in the whole gene and targeted medicine for cancer. That's probably kind of changed the picture. Instead of just giving chemo. 70% of all people who get chemo, they die from the fucking chemo. That's not the best therapy in the world but it's the best we have. There will be miracles happening not only in gene therapy, but in directed gene medicine. So that I'm spending like a couple of days a week with people who know everything about that. I don't give a crap, I just call whomever, and the cool thing is everybody wants to give away experience if you ask in the right manner. I will probably call you and ask so how do you actually do these shows? How do you cut it together? I think that that's my nature that I can ask everyone. Also a lot of times when we then come with these new concepts, like in Everbread where we're turning it upside down how you search in the airline industry. The core of this technology, we've redone that. I didn't know anything about this industry so of course I've just been talking to all the ideas that I have from Bransen to high end technology players, consulting businesses, how do you do this? What's happening here? What's the business model? How do sell it? How does these guys do against those guys?

Andrew: You know, Morten, what's interesting about you is you do get all of this information in but you don't get into paralysis through excessive analysis. You act. How do you now then take that to the next step and actually do something with what you've learned?

Morten: I just know exactly what I can and can't do. So I always end up with hiring a big team.

Andrew: Okay, so you hire a big team but how do you give them direction? How do you say I got this passion, I know that there is something here, but this is what you need to do on Monday. This is what you need to get done in the first month.

Morten: That's probably why I'm pretty lucky with my way of convincing people.

Andrew: Convincing them to do what?

Morten: To run after this goal. If we can draw the vision and then you can have a couple of clients buying in and saying okay we'll buy this if A, B and C. Then you see if you can find B and C or A and then you go back.

Are we there now? Oh, we still need a letter. Okay. But then let's try on next Friday and see if we're there and then we'll probably have all A, B and C and if I don't have one of them then no, probably lie and say we're just very close or find a partner who could deliver whatever the missing factor is. That whole theme that you can't wait to see if you could really change a business or do something that changes the picture, I think that's basically just what triggers me. In all kinds of life, the same with my kids. If they are not happy, is it a phase they have to be allowed to be a little bit sad and a little bit moody? Or do we have to do more sports? Do we have to eat different? It's more or less the same and this is small business. Imagine if we could really take a wrench and change how the whole airline industry is working. That's amazing. That was easy. I was convinced by a team who had been working on it for some time and then I use my kind of energy. They use their kind of energy and together with all the right people you can change whatever you want.

Andrew: Let's talk about it with Everbreak. What was the original idea behind the company that you're now heading, Everbreak?

Morten: It's Everbread.

Andrew: Oh, I have it written down wrong. I apologize. Okay. Everbread.

Morten: And it's because I needed to have a company that could be my everlasting bread.

Andrew: Ah. Okay. I don't where I copied it wrong. So this is your Everbread. You said I never want to go hungry again. This is going to be Everbread. What was the original idea behind it?

Morten: The simple, original idea was to say that 50 years ago there were very few airlines. Every airline, the booking system was a lady who wrote down, on a big rolodex with only 340 days. Oh hello sir. So you're going with us from Atlanta to New York on the 26th? They wrote it down, no problem. The airline industry as we know exploded. They actually had all the infrastructure in the airline was in place before even email. There was an email client in the airline industry called seater mail. Everything was invented in these corporates where the airlines joined together because it was too expensive to build the infrastructure. That was a great model for this whole thing to roll out really fast and then what happened is of course

the legacy became very fast, extremely binding because you don't change this whole thing when it's built. 5 or 6 years ago I was looking at a company called FareCompare where I saw that you can actually change this. Today's world is still how they look at pricing. To find a price on a route from A to B, what you basically do is that you call an old school switchboard. So for every route you ask for the price. New York, Atlanta 11:00 price? New York, Atlanta 1:00 price? And the data structures are totally wrong.

Andrew: Very inefficient.

Morten: Tell me inefficient and of course running on extremely old hardware, AS400, paying billions to Larry Ellison from Oracle for licenses.

Andrew: So let me pause the story here. The way you know all of this is through making the kinds of conversations and kinds of phone calls that you described to me earlier? You get curious about the airline industry, you call nonstop.

Morten: A lot of pitches. People who wanted to go into the industry and were like you guys can't do it. You guys probably can. I can put you a little bit of money and offer you guys. And then out of the blue, just during my bankruptcy, comes this amazing team of Bulgarians, and also I found an American guy who knew about it. We mixed it all together and I was like okay. I think we can do it. It is a totally different approach. Let's see if I can find a little bit of money. I took the whole team, locked them into a nice big villa in [inaudible 28:22] and locked the door and told them don't come out until you finish this. Redo how this is done until now. Twelve months later I had to fly down and unlock the key. They had their version of the product. Then of course, we've been now playing with the industry. We've been testing it with real clients. Tons of difficulties.

Andrew: Did the solution come from them or from you? The product vision?

Morten: That came from the CTO I hired in and the team who came to me and some from me. It's a very big mixture. The first thing I think when I tested them was to see the clients, would they buy it? If this will ever work we're A OK.

Andrew: Tell me about that. Who did you find as a client and what kind of conversation? Tell me about the conversation you had.

Morten: We of course had some visions and then they said this company would buy it and I was like what's the name of that company? Can I call the CEO? I called the CEO instantly. Because he would Google me he would see one of the craziest guys on earth. Why not have a chat with him, that would be fun. That's one of my big assets. People like to have a chat and see what is this crazy man's thinking about? I mean how is it actually acted out in his head? So they pick up the phone and they were interested but they were like you will never do it but if you think and you have the self confidence to try it, feel free. We'll buy it.

Andrew: So now they said you can't do it because you have A and D but you don't have B and C and you said I'll get my guys to come up with that.

Morten: Exactly. We'll fix it.

Andrew: What were the missing parts, out of curiosity? What are the parts that he said to you, the CEO said, if you can build it great, but you don't have what?

Morten: It was basically to really reramp database speeds and structure wise all this data. It was not the little pie, it was the big piece. Like you couldn't imagine Skype until you tried it. You couldn't imagine our search until you see it. Unfortunately you can't really try it anywhere because we know how test things are like nine month testings but thing are really good now. Things are amazing now. We really managed to do it. That was also because I did something I always do. I took the best possible guys I could find so I took the former CEO at [inaudible 30:51], a very well respected Danish businessman, more like a board member guy who had stepped into the private equity world. He was like hey, Morton, cool. I don't think you can do it but you know what? I love the energy here. Let's try it. Then he said 'hey, I have this friend, he was actually CEO at Air Canada and he was fired for trying to do what you're telling me about. So let's get him in.' He was ready.

I took Michael who was CEO at Skype because I know he's good at building production facility stuff and he's a really good friend and there's no bullshit. We have a really good sound for it. A board that we can relate to. Then we started building. Every client, everyone who was giving us this blank

stare, ‘Oh God, Morten. What are you babbling about? This is impossible.’ That was a good fuel as well. Don’t fucking tell me it’s impossible. Let me show you something. Then boop, bada boop, boop, boop. Started to happen.

Andrew: I see. The reason they all want to come around you because you have this vision and this inability to doubt it. This confidence that they want to be around the confidence that you’ve told me about already.

Morten: It’s something about that. Of course, believing it, taking it out of sound board, believe intensively, but also be ready to change direction. You cannot just be, you know all the idiots around. There are just stubborn people. I’m like I don’t give up but I’m not stubborn. I could easily change. I don’t have in that sense an ego. If it’s not my idea, the guy sitting next on the left or right to me, we would definitely change and modify but we don’t want to give up. We’ll get what it takes. That was interesting to see, okay I just went bankrupt with this stupid idea, making a free newspaper to the whole country before 7:00 in the morning. In a business I didn’t understand at all and then when I go back to technology people would back me up and believe in me despite I’m bankrupt. I was in a crappy situation. The best way to handle it was of course to work your way out of it.

Andrew: Why do they believe in you? Why don’t they say that guy is crazy, he’s going to throw money away. He doesn’t appreciate money. He could get distracted and go back to the newspaper business or something else. Why do they say no, he’s a guy who could be in business with us and we could bank our lives and reputation on Morten. Why?

Morten: I think the really smart people saw that I’m going to do this forever, no matter what. I’m always going to come back one way or the other. So why not bet on him while he has to focus? If you knew me a little bit or you had interest in this kind of personality, you would be smart in times of bet because I had to promise everyone who invested and did anything that I’m only going to do two projects because one is impossible but two maximum. I’ll focus 100%. I’ll take a CEO role and try to run a company. I didn’t do this before. I was always this loose hippy kind of guy who was just all over, even when I was at creative and then I was rich for a lot of time. We’re holding casting on Skype. I was invited to everywhere. I’ve been invited to the craziest shit on earth.

Andrew: Tell me about that. What's the best part that came when you were rich? When you were loaded, as you said earlier.

Morten: I think the best part is still that we were a part of founding something as amazing as Skype. I mean something that has been liberating the world in so many ways. Remember it's still banned in 20 countries in the world because Skype doesn't pay tax because it's free. Normally there is somebody in every country cashing in on the little tele-co monopoly.

Andrew: Right.

Morten: Breaking that for real, that has been amazing and then being invited to all kind of interesting stuff because of that.

Andrew: For example, what sticks out in your head? What is one that stands out and you still remember and will never forget?

Morten: I think that is like a lot of smaller things. It's of course crazy to be invited to the Clinton stuff, to a private dinner with these guys, but that is whatever. I mean it's more cool that you get the exposure. I've always been pretty open mouthed, talking about whatever and never been shy. Having all these really small crazy entrepreneurs coming by, bigger entrepreneurs, bigger venture funds, structures. Do you want to play on this? Do you want to give your opinion on that? That has been one very big gift. To be able to do that has been amazing. I've been a fool with identifying my right partners. That has been very difficult because it's not natural to be that well off when you are that young.

Andrew: What are you by identifying your partners, you mean romantically?

Morten: No, no. Romantically I was lucky to have a very nice wife. It didn't work out but we have four amazing kids and that's amazing but more business partners. That has been very difficult to me. When you're young, how to find somebody to act next to a very young guy who's actually creative, doesn't understand money at all, doesn't really give a fuck, but still wants to build a lot. I cannot say I do not give a crap about money because I do. I want to use it to build and change the world but I don't really have interest in interest rates, how to deliver, I mean I understand all of that because I had to learn it while walking in to all kind of deals. The delusion, the

preferences from the share, all of this stuff; but it's not my main interest. My main interest is to drive stuff and really see growth. That is probably the most addictive thing that I have ever tried – building global, game changing companies.

Andrew: I see. That why, when you hear us talk about Skype, you sit back with pride and you say I had a hand in Skype to Andrew and now he's connecting to the world because of something that I had a hand in. I'm proud that I leave this legacy behind. That's what you're feeling?

Morten: That's cool. I mean I did direct the brand. We did that together and it was great. It was no fun after selling it. Selling it was a nightmare. People started suing each other the same day. There was not even really a party. Most of the people who got in later are crooks and assholes. I wouldn't even come to have a drink with them.

Andrew: In the early days, when you guys would just bat around ideas, can you describe what one of those sessions was like and how it helped shaped the product?

Morten: It was a very weird time because the guys in Ustonia, I never actually met them. They were just hacking away, developing, and then Nicholas and Janus was pretty much on this process and suddenly the product was there and there was no doubt. Holy Christ, on an old modem dial up. You could just talk clearly like we do now. Then I started to build the whole brand, initials, all of that stuff, in the very early days. That was can you do that Morten? That was amazing.

Andrew: How did you do that? How did you help with the brand?

Morten: I was head of creative of my own agency for five years so that was very easy. I just called the best guys, started shaping how should this look and feel, and then presented it to Nicholas and Janus, and whomever had something to say. We agreed on that.

Andrew: So the bubbly, cloudy feel that is still on Skype.com today, that's part of what you added?

Morten: Yeah. I was fighting with the agencies and all this stuff.

Andrew: What's the secret to, I've done a lot of interviews here where people point to Skype so much that sometimes my audience is sick of it. I guess more in the courses that we do. Where they say look at Skype, it converts because it's simple. It converts because it's easy. What about the user experience? How did you make it so that we all understood what Skype was when we landed on that page, even when it was a foreign concept? And we all understood where to click to download it. You walked us through in an elegant way. What's the magic there? What's the secret that I'm not seeing?

Morten: I think it would be pretty easy to take all kind of credit for that but that was, of course, a series of people. I think one of the guys who can really tell that story is Malthun. Malthun was head of the sign, who is now at the radio team. He was also working with me back in my agency and then moved to do this with Nicholas and Janus.

Andrew: So the user experience, you're saying Andrew, talk to him.

Morten: Tell Malthun he's cool. Yeah.

Andrew: Okay. All right.

Morten: We were involved with it but you can say so many things and take all kind of honor for doing but the thing is it was putting that voice codec into this kind of software, peer to peer, so the cost was very low. That's self explaining. If you try this quality, you don't have to have the world's best website. It just works because you want to go and have this quality of sound.

Andrew: Gotcha. Gotcha. This is you and me connecting to each other with other computers on the network but not Skype's servers that are helping us. Makes for simple technology. Okay, let me ask you this. Is there someone else in the room that you need to talk to?

Morten: No, it was just my daughter. I have no clue why she's not sleeping.

Andrew: You're in Denmark today, right?

Morten: Yeah.

Andrew: Okay. So it's probably somewhere around 7:30 your time?

Morten: No, it's 10:30.

Andrew: 10:30. Okay. So let me ask you this. I was in the hospital recently. I came out of the hospital. Everyone kept saying what did you learn? Your eyes open when you are in a situation like this. You went in and out of bankruptcy. In that process, what did you learn from it? We all want to know, what happens when you come out of something like that?

Morten: You really learn to survive and that's very important I think for business.

Andrew: Did I just lose your connection? Oh, sorry, you were saying you really learn to survive. Tell me about that.

Morten: I, of course, started analyzing, 'what is the reason that I'm surviving here and not going down?' and why am I not getting on pills for staying happy? Why am I cool and calm? Basically having something else and work. Remember, most people who go bankrupt, they've never seen their kids so it's a shock for them to come and see their kids. I've always been, my kids are always traveling with me. I'm mostly with my kids. That was natural for me. Then I could spend more time with them. That was actually pretty nice.

Then, of course, I had to adjust to the fact that they took my Black AmEx and changed it with a phone dialing card. It was a little bit of weird but it didn't change anything. I didn't miss any of what I had. They sold my art collection, my houses went on forced auctions, I by miracle got money stashed together to buy myself free of it and just work like a maniac focused. I had this amazing guy, Alex, who had been working with me before who came and said 'okay, I'll take care of all the boring shit. Now you're going to create some new business. You cut me in on that and then I'll fix this.' How lucky can you be? Remember I was loaded from when I was 26. I didn't really know how to do a bank transfer and shit. I had assistants and stuff and I'm pretty good at living a nice life.

Andrew: Alex set up this interview for us. He's taken care of all the details and you cutting him in on the upside.

Morten: He's teaching me, he's taking care of my house, he's picking up the kids if I can't make it. He's a 360 guy and he's not too fine for anything and he's also taking care of everything legal. He does everything.

Andrew: I see.

Morten: That's the key lesson. If you've been pretty nice to the world, the world will be nice to you and I have nothing to fear. I didn't cheat anyone. I didn't do anything. I just went bankrupt. It happens to nine out of ten entrepreneurs. It's nothing new.

Andrew: You know the thing that I admire about you tell me if I'm taking too much from this. The think I've always admired about you, watching you from a distance, now here's this confidence that you have. I feel like if you have confidence you can get past anything. Am I reading it right? Is that what it is with you?

Morten: Yeah, it's my big gift and my big spell, a curse. I mean I was a single child. My parents were really nice people, they never beat me, no one was drinking or playing with drugs, they were extremely careful with money because they grew up with nothing. We were not poor or anything but there was nothing extra. My mom still cuts up the bread and puts it in the freezer. That's how they are. And then they love me. Endlessly. Some people hate me just the way I am. A lot of people find it pretty comforting to be with somebody who really believes in himself.

Andrew: Yes. When you have that, I want to watch you when you're on state at Le Web, when you have that I want to read your site, I want to read your Twitter, I want to join your business, and Alex, because of that I imagine, wanted to partner up with you when there wasn't anything today for him. It's that confidence that helps draw people in.

Morten: He knew exactly how crazy I am and was. He was also a single child by the way. You can only be so fucked up and still be very caring. I really care about stuff. I really care about people who are helping me. I never made an investment in anything to gain short term profit or to fuck anyone over. It just didn't happen. That was the lesson coming out of my bankruptcy. I had my kids. They were actually a little bit happy to see me more. Then I had a lot of people out of the blue sending me \$50,000, \$10,000 Euro credit line. My husband and I have been watching you being so honest

about these bankruptcy issues and we've been there ourselves many years ago so here's a credit line of \$10,000 Euros. Use it however you would like Mr. Lund.

Andrew: And you never met this person before?

Morten: Never.

Andrew: And they met you on your blog? Is that how they connected with you?

Morten: I was also very open on TV here in Denmark about it.

Andrew: TV. I see.

Morten: So they it to me and pay us back if you make it, otherwise consider this a donation.

Andrew: Wow. Stunning.

Morten: Of course, I have business friends who did more or less the same. I had former employees who came with \$200 Euros in their hand and when they said hello they gave them to me, like you do with a butler because they thought it was embarrassing for everyone but they knew I didn't have a dime.

Andrew: And you needed it at the time?

Morten: I really, I didn't have a dime.

Andrew: Hey, Morten, I can't pass this note up that I want to asked you about. I think I read this on your blog. You said, "I'm so happy mentally that I don't have 'aggressive daytime visions' anymore." What does that mean?

Morten: You go through a phase where you feel sorry. I mean I think called jealousy or self pity. The combination of jealousy and self pity.

Andrew: Mmm, okay.

Morten: That's where you really have to call the shrink. Of course, I've been always been using them. Mom is a psychologist so I've always been using all these parameters or help or people to help me in my life. That became a big thing for a couple of months where basically in my newspaper project it was the CEO and chairman that I had hired.

They tried to burn my name so that they wouldn't get blame and they fucked this project up because they have too much in it. But they tried to blame me. It was an amazing story. I couldn't get it out of my head that, 'Fuck, why are they trying to pick at me. How can this happen?' And then my shrink, my psychologist, this 85 year old amazing old crazy man, he was like, 'You are so public. Why don't you just apologize to them? You must have done something wrong as well.'

That was easy. Wow. Then I did it. I promised you some salaries that I couldn't actually pay. Then I understood, 'Hey, these guys they were just hitting at me because they wanted money from me.' Those were the guys who got me bankrupt and I was so angry because I couldn't survive without, they just gave me some time. But you know what; it was the best thing that ever happened. That I got called, declared bankrupt.

Then I had to start out fresh. Otherwise I would just have been running forever, trying to fix this with some loans from this guy, putting this asset in, and taking this asset out. No, it was just clear cut. Then from there on I could deal with everyone. That was just great. I knew in six months before that I couldn't survive. Now we see them all over the world, you know, these real estate guys who have been hiding, had a good friend at the bank, was never called bankrupt, they're called now because these values that are coming back up. My values would never come back up to the debt that I had. I overinvested, I took way too big risks, but that was the time. Now it was all reset and I could start over fresh. I have the chance to buy all of my assets out for 10% of the debt.

Could I get some money? I took some aggressive jobs, consulting, lended a lot of money here and there. Bingo. It took me twelve months to do that deal. That's actually a year ago here in March. Pretty big day for me. For the last year I've been able to own stuff again. I still have to pay a lot of money back to the people who have been bankrolling me but healthy experience.

Andrew: What you were saying about March, is that's when you got out of bankruptcy? That's when you got to start fresh?

Morten: In March it is one year. In ten days, it is a year ago.

Andrew. I see. Okay. You tweeted out, I think on that day, I am free from bankruptcy.

Morten: Yeah.

Andrew: I see.

Morten: That's beautiful. The problem here was that the law was pretty easy to understand but nobody had done it for 15 years.

Andrew: Nobody had gotten out of bankruptcy?

Morten: No, not a high level bankruptcy with big numbers and a lot of complications. No one had actually done it but the rules were pretty simple but there was nobody we could ask. There's no lawyer who could help us because there hadn't been any real big bankruptcies for 11 years.

Andrew: All right. I've taken up a lot more of your time than I promised in the beginning. You've been very generous. Let me end it with this.

Morten: I love to talk about myself.

Andrew: I would love to come back and do a full interview. I think the problem was I caught you on a day when you had a lot going on. Let me end it with this. First of all, I'd love to invite you back and I hope you say yes when I invite you back. But for someone who's been listening to all of this, who's now in the shit, as we say, in deep trouble. You've been there. What advice do you have for them?

Morten: Don't lie. Face everyone. Call everyone you owe money. Every week give them a full update. Don't lie. Just tell the truth. Tell it like it is. You can get through miracles. But if you start lying, giving this guy more than that guy, because no. Just face it and call people. Call people that might hate you because for some reason and tell them exactly what has happened. Be honest. Say I'm sorry. It works. And then, of course, kick yourself in the butt and start something new.

Andrew: Yeah, that sounds tough but I can also see very liberating. All right, Morten Lund, thank you for doing this interview and it's great to meet you.

Morten: It was also great on a day where I actually I did my biggest I think product sale ever. So it's a good day.

Andrew: What's that? What did you sell?

Morten: In Everbread we made a really, really big contract that will be, uh

Andrew: I see, so you can't talk about it yet. At your high, what was your net worth? I keep talking bankruptcy, bankruptcy, bankruptcy. I don't want to leave that as the only thing in that transcript. At your height, what were you worth?

Morten: I think it was a little bit over \$150 million of assets. They blew away. I think I spent \$250.

Andrew: You know, you keep saying when I see you I think in preparation for this interview I saw you on stage at Le Web and read a bunch of articles about you and you keep saying I've also discovered that it's not about money. Do you now want to make that back up or do you say it's not about money? Do you wake up and say \$150, I'm going to get to \$250, I'm going to get to \$350, I'm going to be back higher than ever, or do you say nah, it doesn't matter. You're saying no.

Morten: I want to have enough money to do whatever I want but I have no problem that it's tied to hard work. I know I can do the hard work and I really love it so if I can be mentally stimulated. I probably spent a little more money than you but I want to come back to have financial independence but who the fuck doesn't? That's how it goes but I don't care about the size.

Andrew: No more. You were shopping for jets I think at one point. No more jets for you. You just want financial independence, not jets.

Morten: No, I'll never have a jet.

Andrew: Never have a jet?

Morten: But if you have one I'll borrow it.

Andrew: I would like to. I'm one of the last people here in this tech space who says I would still like to have a jet. I want to change the world but you know it wouldn't be bad to have a jet.

Morten: Then you can borrow it to me once and awhile.

Andrew: All right. I'd love it. We'll go hang out somewhere. You're not married. We'll go out and meet some women together.

Morten: I am in a serious relationship actually.

Andrew: Oh, you are? Me too actually. All right. Then you bring your girlfriend and I'll bring my wife. All right. Morten, thank you again for doing the interview. Cool. Thank you all for watching.

Morten: Yeah. Thank you for inviting me. Take care.

Andrew: Bye.