



Five Lessons from a VC with a Long-Term Focus

INSEAD alum Oren Zeev's people-based philosophy of investing is one of the secrets of his remarkable success.

When I entered the venture capital industry, I admired the work of “father of venture capital” George Doriot – taking risks on revolutionary ideas and seeing them pay off. But I was a little mystified by the venture capitalists (VCs) of the current era. Based on the public versions of their success stories, I thought they were extremely lucky or they had a special gift of predicting the future or a combination of both. I also found them very intimidating, unapproachable and unrelatable. I didn't want to do business the way they did.

Amid this pack, **Oren Zeev** (INSEAD MBA '94J) stands out. I call him the “Sage of Silicon Valley”. He's had a lot of success, investing in innovative companies like Houzz, Chegg and Audible. His keen eye for finding investment opportunities has both revolutionised legacy industries and created category-defining leaders in new ones. But instead of being an overbearing egomaniac, he's humble and quite friendly. He also flies under the radar: No blogs, no office space and no assistant. He answers his own phone and gets his own coffee. So with this uncommon approach, what is the secret to his consistent success?

I first met Oren in 2013 when I was the President of San Francisco Bay Area chapter of the INSEAD Alumni Association, and ever since our lives have often intersected. He is also a frequent guest

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speaker for the MBA elective “Building Businesses in Silicon Valley”, which I co-teach with INSEAD Adjunct Professor of Entrepreneurship and Family Enterprise **Steve Haslett**.

Over the years, he has become a generous personal friend and a mentor to me. Oren's advice has given me a peek at the key strategies that drive his investment choices and a novel approach to connecting with entrepreneurs. Here are five important lessons I have learned from him.

Lesson 1: Fly solo and soar high

Work independently and decisively. Venture capital investments are about forming contrarian points of view, believing in the founders' vision and being consistently right. VC partnerships can get in the way as partners' priorities and goals often conflict. Dealing with changing personal styles, and sometimes king-sized egos, is a waste of time.

Oren prefers to make independent decisions so that he can focus on the people he supports. Entrepreneurs know what they are getting with him. He brings the best of both worlds: the expertise of a VC, and the speed of angel investor. With more than US\$250 million in assets under management, he has the investing power of a large firm, even though he is a one-man VC. Oren respects entrepreneurs

enough to tell them, “Show me something I have not thought of”. At the early stages of new VC firms, especially during fund I and fund II, flying solo is helpful. He then joins them on the journey of building a company and learns from them as they progress. Oren shows one can fly solo and soar high for a long time.

Lesson 2: Invest in category-defining companies

Arrive before the market is established. This is not about being psychic. Form a strong conviction around an unproven idea based on limited data, fall in love with a founder’s vision and trust your own intuition. Companies that create revolutionary new industries have the potential for growth far beyond the duration of a VC’s involvement.

In 2003, while still a General Partner at Apax Partners, Oren led an investment in **Audible** when few people listened to audiobooks. But a savvy investor sees what the start-up will become. More than 100 million Americans commute at least an hour each day and don’t have time to sit down and read a book. Audible removed the obstacles would-be readers faced, giving millions of readers access to a variety of genres and hundreds of titles. The launch of the iPod and smartphones made it possible for Audible to create an entirely new market. In 2008, Amazon recognised the potential phenomenon and acquired Audible to extend its own online book business. If the company were an independent business, it would be valued north of US\$20 billion – a real start-up unicorn.

Lesson 3: Search for diversity

Consider backing an entrepreneur who doesn’t fit your mould. Don’t let personal biases about gender, culture, age, ethnicity, geography or background influence the choice of entrepreneurs you work with. When we push the limits of the familiar we not only generate substantial financial returns, but we also bring much-needed diversity to entrepreneurship. Why not be the change we wish to see?

Houzz was founded by a married couple, Alon Cohen and Adi Tatarko. After an agonising home remodelling experience, they were inspired to create a platform where homeowners could find experienced professionals, a variety of inspirational designs and household items such as furniture, all in one place. Investors often balk at unconventional entrepreneurial teams like couples. However, Oren met the founders before the company was incorporated and was intrigued by the idea of a married couple as co-founders. Oren considers his own wife a trustworthy sounding board, so when she tested the app and loved the concept, he considered it a solid market validation. Valued today at over

US\$4 billion, Houzz is the largest venture-funded start-up with a female founder and CEO. It is on track to be one of the biggest VC success stories yet.

Lesson 4: Back early and stay forever

When you are investing for the long-term, never mention exit. Investing is not only about money – it’s also about pouring your heart into people’s dreams. So stick with people throughout the journey, even if the road is not always smooth. Along the way, the journey of growing a start-up goes from strictly business to a deep and meaningful relationship.

Founded in 2015, corporate travel start-up **TripActions** was designed to alleviate the many frustrations of business travel by integrating all aspects of the process into one comprehensive platform with 24/7 customer support. Oren was a founding board member and led the US\$4 million seed round before the company had a website. Thinking beyond the typical single-stage investing style, Oren decided from the outset to make an enduring commitment to the company, be flexible and adjust to its needs as it grew. He subsequently led the Series A, co-led Series B and C, and followed on in Series D rounds of funding, and is one of the largest shareholders. Long-term victory is much better than short-term gains.

Lesson 5: Favour the brave newcomer

Invest in unconventional ideas from novice founders who will disrupt an industry. Oren looks for founders whose painful personal experience with an industry problem give them a deep conviction to come up with a solution. Because potential consumers know only a little about the industry, they don’t know what can go wrong, so they are willing to experiment. While experts in a field are bogged down by the thousand ways that an idea could fail, industry newcomers bring fresh, fearless perspectives.

In 2015, Guy Goldstein, Nissim Tapiro, and Alon Huri started **Next Insurance**, a digital insurance company for small businesses. Ten years before, at a previous start-up, they attempted to do what all businesses have had to do for the last 100 years: buy insurance. But the lack of transparency in the agent/commission model made it impossible for the company founders to know if they had a quality deal. They knew they should be treated better as insurance consumers. The pain of this frustrating process became the seed for a new idea – build insurance solutions to help business owners achieve their dreams. Though the founders have no background in insurance, the company raised US\$131 million in venture capital funding and manages a full-licensed insurance carrier with plans to operate in all 50 American states.

Studying Oren Zeev's investment strategies and philosophy has made it clear to me that a successful and influential VC can also be approachable and friendly. He believes in people; he serves and supports them on their journey. His people-based philosophy is a breath of fresh air in a field full of cutthroats. It also inspires me to support customer-focused entrepreneurs who solve important problems, simplify otherwise complex methods and enable people to live their best lives.

*A longer version of this post is available **here**.*

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