

DISRUPTIVE FORCE

Martin Varsavsky is embarking on his seventh multimillion-dollar venture to be born from an obsession.



Rachel Botsman is a global authority on the power of collaboration and trust.

“How are babies made?” My five-year-old son asked me in aisle seven, cleaning products and pet food, on a recent trip to Woolworths. It wasn’t the moment I was expecting to have the conversation. But it’s a question, Martin Varsavsky, a 56-year-old father of six children, has thought about a lot.

In October 2016, he officially launched Prelude in the United States, a company that aims to transform the multibillion-dollar “infertility industry”, a term Varsavsky despises.

From 2000 to 2014, there has been a 23 per cent increase in the number of first-time mums aged 35 and older, reports the US Centres for Disease Control and Prevention. And according to the Society for Assisted Reproductive Technology, roughly two-thirds of IVF cycles produce no baby.

The problem, as Varsavsky sees it, is that people are leaving treatment far too late.

Prelude targets women and men much earlier, ideally in their 20s, to fertilise and freeze their eggs and sperm when they are at their peak. In coming years, it seems more parents will have the “lab talk” with their children, as opposed to my slightly hashed “seed talk” with my son.

Varsavsky has raised \$US200 million for Prelude, the seventh company he has founded.

Born in Buenos Aires, his family fled Argentina for the US in 1977, as refugees during the Dirty War. It was a time of political repression by the Argentine military regime. His father, Carlos Varsavsky, was an award-winning Harvard-trained astrophysicist who mathematically proved the productivity gains of

moving from the standard seven to a six-day-week. He had a profound influence on his son, teaching him to think critically and to question “givens”, even if they seem unquestionable.

By his 20s, Varsavsky had made his first million dollars, buying and reselling an industrial building in downtown Manhattan. He went on to start a series of successful telecom endeavours including Fon, founded in 2006.

Fon is based on the idea of members, “Foneros”, sharing part of their Wi-Fi signal with other members. Today, it is the largest Wi-Fi network in the world with 20.3 million Fon hotspots, but when it was first launched, telcos hated it. Wasn’t Fon the equivalent of the free music sharing site Napster to their industry?

Over time, Varsavsky convinced the mobile operators and telecommunications companies, including British Telecom and Australia’s Telstra, that it was to their benefit not to fight but partner.

It’s a testament to Varsavsky’s uncanny ability to collaborate with unlikely partners, a skill that has allowed him to take ambitious plans and build multibillion-dollar companies.

So how does he do it, over and over again?

You’ve just started your seventh company and you’ve invested in many. How do you find your next “obsession” or next company?

My companies really start from a feeling that I just have to solve this problem. It becomes an obsession. For instance, Prelude started when my wife and I were trying to have a baby but couldn’t do it through

natural methods. The Prelude method solved our problems and gave us two wonderful children and one more on the way. I started telling my friends, “Hey, don’t just try to make babies through sex.”

In fact, 12 per cent of American women aged 15 to 44 face difficulties having a baby. So I am left with this feeling that I can help so many people, if I can give them a solution to this problem.

A few of the companies you’re involved in are related to “connecting people or things” more efficiently. Why has this become a part of the DNA of your approach?

You have probably heard of the William Gibson quote, “the future is already here; it’s just not evenly distributed”. I think if we don’t share and use almost everything more efficiently we will run out of planet. When I build companies, it’s about connecting the world because better communication leads to better understanding. It’s about making the world sustainable.

What’s a problem you wish another entrepreneur would fix?

Education. We’re currently educating for the elites. When you educate for the elites but vote in a democracy, it is easy for a demagogue to kidnap democracy and create fascism, authoritarianism or demagoguery. It can lead to the next Adolf Hitler, Hugo Chavez, or [president elect] Donald Trump. I wish somebody would educate to raise the mean.

How can entrepreneurial thinking be applied to fixing world problems?

I have always believed that the best philanthropy is done through work, not through money. The essence of a company can be used to help



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something else. For instance, when there was the earthquake in Japan, Fon broke its rules and allowed everyone to connect to the internet for free. All of a sudden we had the biggest Wi-Fi network up and running in the middle of a crisis. The cellular towers were failing but people were using Fon.

Fon wasn't built for earthquake relief but during the disaster, we were able to apply it. We left the network open for a month and people were very happy. We didn't care about losing a month of revenue because the ultimate goal of saving lives and having people connect with each other was greater than what we were trying to do.

How did you get major telcos to shift from viewing Fon as leeching to being beneficial?

It was difficult at first because telcos thought free Wi-Fi was their enemy. I had to explain that Fon was different because you could only roam for free if you share Wi-Fi, and to share you had to pay for a DSL connection. I used to run a telco, Jazztel, and I showed them that the ARPU (average revenue per user) would go up and the churn would go down, and customer acquisition cost would go down. Churn happens because people would say, "I'm never at home." We invented a reason to pay for your DSL connection when you were never at home. It was a pure economic argument.

How did you get big competitors such as Google and Microsoft to fund Fon and work together?

Even if companies think badly of each other and never thought they would be partners, like Microsoft and Google, I look for what they have in common. These two want the same thing: Wi-Fi. Because if there's more Wi-Fi, Microsoft can connect more people and sell more products, and Google can sell more advertising. There has to be a right balance between competition and collaboration.

Do you think there is something about you that naturally facilitates these kinds of partnerships?

I'm good at finding the common goal. And I find many people who dislike each other, given enough time and space, will stop disliking each other.

Is there one thing in the world that you know nothing about but wish you understood?

I want a deep understanding of neural networks for machine learning because it's taking us into a phenomenal, fascinating, yet somewhat dangerous path. People think there are two dangers to artificial intelligence. One, it will take over the world and make us slaves, which I find extremely unlikely. Two, which I find more likely, is that we're reaching an exponential pace of acceleration in AI which will lead to the displacement of millions of workers in healthcare, homecare or those who drive cars.

HACK THE MINDSET: MARTIN'S RULES

1

Have a high appetite for risk: When people tell me something is "too risky", I don't think it's too risky just because it's too far from what reality is today.

2

2. Have a keen eye for early disruptive technologies: When you think there's a technology that is going to change the world, hold onto it even if there are lots of sceptics.

3

3. Be a good communicator: Your ideas might seem crazy but sell them and make people find them reasonable.

I would like to understand the limits of AI because the implications are so great and it can fundamentally change the way we live.

How do you spot emerging technologies that will be commonplace?

Most people imagine the future as something similar to what they see today, but I imagine the future quite differently.

Every company I have built was based on some technology I thought was incredibly disruptive very early on. Whether it's solar energy, cloud computing, fibre optics, consumer internet or Wi-Fi. So many people told me mobile would kill Wi-Fi, but the last numbers on the iPhone show 83 per cent of iPhone traffic is Wi-Fi. Cellular has become the thing you use when you can't find Wi-Fi. When I fall in love with a new technology and I think it is going to change the world, I have to ignore and deal with the sceptics.

What are key influences that fuel the way you think and solve problems?

My dad was an astrophysicist who had the craziest ideas that made a lot of sense. He had a project to change the week from seven days to six days because he said it's crazy that seven isn't divisible by anything, it's a prime number.

He proved through a mathematical theory that you can work four days and rest for two, and gross domestic product would stay the same. So I grew up thinking, why does the week have seven days? Who came up with that? If you grow up with somebody who questions something as unquestionable as the week, you can question a lot of other things.

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