



# Stanford eCorner

## Passion and the Customer

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Video URL: <http://ecorner.stanford.edu/videos/1223/Passion-and-the-Customer>

When listing his first two lessons for aspiring entrepreneurs, Verma says you must love what you're doing, and you must listen to the customer. The customer is always right, he adds.



### Transcript

The first lesson, if you ever want to be an entrepreneur, is love what you're doing because you may be doing it for a very long time. It's 15 years in counting for us. Number 2, it always is about the customer. And this sounds like a hackneyed phrase but for some reason Silicon Valley does not believe that the customer is always right. Silicon Valley always starts with the mentality that we will tell the customers. Once the customer just figures out what we have to tell them without technology, eventually they'll come around. It never happens. You got to live with the customer. Who could have predicted? As grad students sitting around our coffee table, actually in term if I remember right, saying, "Hey, this sounds like a great technology." Five hundred dollars per child, how many kids are there in the world? We added it all up. The market potential was huge.

We said, "This is it." And we're going to own 30% of the market in five years. Sounds like a traditional graduate school of business exercise, doesn't it? And that's what we came up with. Huge market potential, we'll get there. This is it. In the end, we missed out on one thing. The customer, in this case mothers, didn't view this as something that was a problem. But dads thought it was a cool technology. Actually, the funny thing is Wall Street Journal did a profile on us about a year ago. And they talked about this story. And we had a storm of people come in with ideas on whether child tracking was still valid or whether we gave up on it too early.

And apparently it's now starting to become more and more ubiquitous. But the part that was funny was when you track the letters overwhelming, the men said, "Great technology! You guys should've done it. You should've stuck to your gun." Overwhelmingly, women said, "You were nuts. There's no way we needed this technology." So, things haven't changed that much when it comes down to knowing your customer. Walking in your customers' shoes, knowing what makes them tick, knowing what's important to them. I mean, we sit here. Think about what RFID does for the military. In this particular case, one of the classic stories that one of the soldiers told us, and I think Fortune Magazine covered this story, was they had just sent the first wave into Operation Iraqi Freedom. They sent a bunch of containers. They had a bunch of soldiers landing.

It was dusk. They were all hungry. They couldn't find any food. So, looking around a sea of containers, no food. They don't know which containers have food in it. So, they went out with bolt cutters and started cutting the doors of every container, trying to figure out which ones have food. Actually, what they did was they found cereal, they couldn't find milk. Sounds like a California commercial, doesn't it? And so, they kept looking and they couldn't find it. And so, they started going through and cutting container doors one by one. These are containers that are 40 feet long.

It's kind of hard to sort of duct-tape them back. And it turns out somebody said, "No, you can use this handheld device." You pressed a button, typed in the word "milk", and literally a little arrow came. And then you walked right up to the container, open it, it had milk in it. I mean, it gives the words "Got milk" a whole new meaning. I think what we did was different. We actually had people that we hired from the military who told us. The issue is not the fact that there is a computerized system that can tell you where stuff is. It's the fact that when you're on the ground and you need stuff and you got all this confusion around you, some handheld device that will allow you to go in and know exactly what's inside every container is the killer app. Again, knowing your customer.