



Stanford eCorner

The First Six Months of NVIDIA

Jensen Huang, *NVIDIA*

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Video URL: <http://ecorner.stanford.edu/videos/2227/The-First-Six-Months-of-NVIDIA>

Jensen Huang, Co-founder of NVIDIA, recalls in vivid detail how the three founding members of the company gave the company legs - from learning the basics of incorporation, to hiring their first lawyer, to keeping a supply of breakfast donuts on hand. They acquired books on how to start a business, but never finished reading them - or writing the business plan. Their lawyer introduced the trio to VC's, who were impressed by their work history and market opportunity. This, recalls Huang, was the push to move the company to action.



Transcript

So I was 30 years old and I have never taken a single business class, and I'd never taken any marketing classes, and I've never used, at the time it wasn't PowerPoint, it was called "Persuasion" - on the Mac it was called "Persuasion." And so I bought a Mac so I could use Persuasion and I'd try to create a company presentation to take it to venture capitalists. The process kind of went like this: I started my first official day of work was my 30th birthday, February 17th. And we got the company funded, and so once we got started the question is what are we going to do, how does it all work out? How do we start the company? And so we met everyday, the three of us, in one of the founders' townhouse in Fremont and we would get together and there will be nothing to do. What do you do? You got three guys who get together you just talk. So, what do you guys do last night you know? What do you have for dinner? You talk about that for about six months. And the big event of the day would be, "Hey, where you guys want to go for lunch?" Philly cheese steaks today, Chinese food tomorrow or whatever, that would be a big deal. And then after a while it was like, "Could you put some doughnuts in the fridge in the morning for when we come?" So that would be a big deal for a while. And so that lasted for a few months, just the three of us like that. I know it sounds pathetic but it's true. Because at that time, I'm reading about books on how to start companies.

I'm trying to figure out how to go raise money and what's a venture capitalist, and how do you incorporate the company, those kinds of things. And pretty soon I met a lawyer. Went to a law firm called Cooley Godward and they helped us incorporate the company. And the amount of money that he said, "We need some money from you so that we could price the shares and also to incorporate the company." So he says, "How much money do you have in your pocket?" I said, "\$200." So he says, "Okay, give me \$200," I gave him \$200 and for \$200 I bought a 15%, I think it was 20% of NVIDIA. So it was a good deal. 20% yeah. And then I went back in to the house and I went back to the condo and they both give me \$200 and they both got 20%. That's how it worked, literally. Here is the thing. I never finished my business plan.

I know it. But we never finished a business plan, never could figure out to finish a business plan, to tell you the truth. If I would have finished that book - I went to Borders and got Gordon Bell's book "How to Start a High Tech Company." It's like this thick. If I would have read the whole thing I would have been dead now. We would run out of money, run out of time. And so I read the first three, four chapters and I said, you know, I got to go to work. And so I incorporated the company, they introduced us to venture capitalists, and I just went to their office and told them what I'd like to do. The thing that gets the company funded and when you get to that point you set to remember a few things. VC's don't invest in business plans, because business plans are easy to write. I couldn't write it, but other people could.

And so they invest in this: they invest in great people and so the question is, do they trust you? Your reputation matters, your history matters. Because I had done so much work with Andy Bechtolsheim which was another graduate of Stanford and the founder of Sun and worked with the founders of Synopsis and LSI Logic. And we were all very successful and we did good work. Your reputation will precede you even if you're business plan writing skills are inadequate. The second thing is you need to have a vision that's sufficiently large to invest in, because their statistics, their probability of success is rather low. And if they need to put in \$10 million, if the market's only \$20 million large, they'll never get that \$10 million back with reasonable return. But if it is a \$200 billion market then of course it's a rather different thing. So the size of the market. And they want to know that at least there is a clever idea that the market has never done before. The last part is probably second you know last - I said it last because also I think it is the least important.

You may have to reinvent yourself over time and if you want to reinvent yourself you need to have great people. That's why great people is so important.