



Stanford eCorner

Building on What Works

Stewart Butterfield, *Slack*

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Stewart Butterfield, co-founder and CEO of the team-communications platform Slack, recalls his early days as a game developer, and how his focus was on making software that helped people better interact online. Butterfield, also the co-founder of Flickr, speaks with Andrew Braccia, general partner at venture capital firm Accel Partners.



Transcript

Games was never about games for me. It was about creating an environment for people to interact using play as the kind of substrate. So people like playing bridge with other human beings, for example, or playing golf, or playing Settlers of Catan or whatever. And that's just a thing that we do together. Just like other forms of play that are less structured. That might be word play or witticisms or just great dinner conversation or flirting or whatever. Flickr, the games, GradFinder, Slack is all about people talking to each other and trying to figure out ways to make software do a better job of that. Let's talk a little bit about your gaming experiences. Haven't been the most successful games-- No. --in the world.

Terrible games. But you know, I think in both cases, obviously some greatness has come out of those experiences, whether it be-- how many of you know the Flickr story? Raise your hand if you know the Flickr story. See, it's been a while. Yeah, I don't think people-- Talk a little bit about-- in both cases, whether it be Flickr or now with Slack, those products and those applications were essentially birthed out of failures to create a great game, a social and a community-oriented game. And maybe talk a little bit about two similar outcomes in terms of creating something that's fantastic and now is the belle of the ball. But two different time frames and two different experiences. And what about you specifically has made you resilient through those experiences to be able to take the journey all the way through to create something really unique and special? OK. So here's the Flickr story, short version. In the summer of 2002, me and a few other friends started a company to build a web-based massively multiplayer game. And the general average age for college students.

This is when you were still in elementary school. But 2002 was a terrible time to start any kind of internet-focused business. It was a terrible time to start any kind of business. Because first of all, there was the dot-com crash, which still hadn't quite shaken out. But there were also the WorldCom and Enron accounting scandals. There was 9/11. So we think that the markets have a little bit of turmoil now. In those days the S&P was down 65% from its high, NASDAQ was down 80%. No one was interested in investing in anything that had anything to do with the internet. But especially not consumer-facing stuff and, within that, especially not something as frivolous as a game.

So we had raised a little bit of friends and family money. We'd built a prototype. People liked the prototype. There's a little community. But it was going to take us another year and a half to produce something that we felt like was going to be commercially viable. And no one would invest. And there wasn't much investment in anything in the general sense then. So Flickr was a last-ditch attempt to take the technology that we had already developed and apply it to something else. So we were working on a web-based massively multiplayer game, and we had this game client that connected to a server. And at the bottom of the screen there were little slots for inventory.

You could go pick up things in the world. In fact, one of the items you could pick up in this game world was Slack, because

it was a very absurd and surreal kind of Monty Python, Dr. Seuss-esque world. And you would get bonus points for picking up Slack. We replaced that with photos. And the experience of-- the idea for Flickr actually came overnight. I had food poisoning. That was feverish dream. They all came to me at once. And that's actually literally true.

But it was a terrible product. I mean, it was technically super cool and it made a great demo at the time. Especially people are running this thing in a web browser and you could chat, and you could drop photos, and they would pop up in someone else's screens, and you could annotate the photos. But you had to be connected at the same time as them. And you could only see photos that they were showing you at the time that they were connected. The odds that someone you actually cared about being connected to this service that was a nascent service-- it didn't have any users-- was about zero. So again, great demo, but terrible product. So that vision that came all at once in the food poisoned fever dream wasn't a very good one. But it really quickly iterated from there. By the middle part of 2004, it was growing like this.

I don't know that there was quite a revival yet at that time in interest in the investment community in internet stuff. But it was just starting to pick up. The first Web 2.0 Conference was that fall of 2004. And by early 2005, I had the choice between a term sheet, actually from Excel, and being acquired by Yahoo. And we made the right decision.