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Hype vs. Reality in VR [Entire Talk]

Tony Mugavero, *Rad*

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Tony Mugavero is the co-founder and CEO of Rad (formerly known as Littlstar), a consumer streaming platform delivering live and on-demand Esports, music, comedy and sports. A veteran of the content streaming space, Mugavero has witnessed virtual reality's transformation from an over-hyped new technology into a growing, real-world consumer experience. In this conversation with Stanford lecturer Emily Ma, he discusses how to build a sustainable business in a cutting-edge niche, why relationships are central to entrepreneurship, and how Rad has thrived amid the bumpy progress of VR.

Transcript

Narrator Who you are defines how you build. 00:00:06,480 (exciting music) - Today, I am so excited to welcome Tony Mugavero to ETL. 00:00:14,160 Tony is the co-founder and CEO of Rad, formerly known as Littlstar, a consumer streaming platform delivering live and on-demand E-sports, music, comedy, and sports from companies like NBC, Universal, Warner Media, Whistle, Showtime, New Form, Law & Crime, and more. Rad's unique brand of edgy content for millennial and Gen Z audiences, coupled with the ability to watch your personal collection of movies and VR videos, makes it a hub for next generation viewers. The platform delivers a broad range of content experiences, supporting 2D, 3D, 4K, live, 360, 180 VR, and traditional video on its premium app. Beyond that, I'm super excited to host Tony because rarely do we have such an accomplished serial entrepreneur. And not only has he founded many many companies in his professional career, he also founded a company that helps other people found companies. So I'm excited to ask him questions about his technology expertise, but also his entrepreneurship expertise. So with that, welcome, welcome to you, Tony. Let me kickstart with a question to you.

I know that you've spent decades in the AR and VR space. And right now, you are running a company that started in 2015. Maybe you could take us through the journey of how you found yourself in immersive technologies way before it was cool. - Yeah, thank you for having me, by the way. 00:01:45,450 That was an amazing intro, and you know, better pitch than I give, I think. So I certainly appreciate that. Yeah, and I think my first experience, real experience, with immersive VR was at Wired and FS in New York, you know, in like the mid-2000s. There was a big like mouse wheel that you had to get in and put a VR headset on, and it was, you would run around and it was super clunky. And it was $300,000 to install in your house. And it blew me away.

But at that time, I didn't think that that was anything in reach for myself. And but I had been building a career in video streaming and from like 2004, 2005. And so when VR started to make its way into the mainstream a little bit more, the mainstream consciousness, anyway, as a Kickstarter from Oculus, I perked up and said, "Hey, my experience "in distributing content, there's probably "gonna be a need for that in the VR space." And then I started playing around with the Kickstarter. I got a Rift delivered and fell in love with it, and pretty much immediately started building a dedicated platform for it and meeting a couple of co-founders. And so we leaned super hard into it. And you know, the industry started to explode with interest and investment and resources flowing in, new content being created, hardware partners developing, all the way up to the biggest tech companies out there. And so we knew that there was something there and that somebody needed to figure it out. So, and we were passionate about it, and so we leaned into it. And yeah, that's how we got started. - That's amazing actually.

00:03:41,473 So maybe you could share a little bit more about, if I double click on what you just said, maybe you could share a little bit more about how you got Littlstar started because I know that AR and VR and mixed reality have had lots of ups and downs. And so you have mentioned in numerous interviews that you feel like there's a critical mass coming together now, it's maturing. And so as, what were some of the signals that you saw, more of the concrete signals that you were seeing out in the market with users, with technology, that gave you the confidence to get Littlstar going in 2015? And where is that now? - Yeah, I think it's a lot different now. 00:04:23,630 I think the reality is setting in now, you know, kind of, you know. Yeah, I think Gartner's Hype Cycle has a good visual representation of it. You have an overwhelming amount of interest. And then as things start to die down a little bit, you have companies that show up and they really start to build. And the hard work begins of building the actual platforms and the businesses that come out of that. And so when we leaned into it initially, we were the only dedicated distributor of 360 video content. And that meant that all the major movie studios were coming to us and saying, "We're experimenting with this.

"We have alien VR," or you know, National Geographic was touring Yellowstone, or swimming with sharks on Discovery. These are all two or three minute clips. Like YouTube couldn't support it, Facebook didn't even support it yet. They hadn't even wired Oculus. And so we were the only place to do that. And as that started to flow, the content started to flow to us. In parallel, the hardware companies that were building these devices perked up and said, "Okay, well we were building these devices. "But we need companies that are going to put "content on these devices for us to sell it to consumers." And so we quickly started forming partnerships with Sony and Google and Oculus and HTC. And we were launch partners on all the devices globally. And so, and we were building a direct-to-consumer application and had content coming from big recognizable names, working with the technology companies that were building the hardware, and then us as a distributor building a direct to consumer application, started to find ourselves at this intersection of trust where the content companies needed us, the hardware companies needed us.

And so it started to build from there. And obviously 2015, 2016, 2017, there was a lot of investment dollars flowing into the space. So we were able to raise capital in that time based on VR in a pretty straightforward fashion. You know, there was a lot of interest in it and people were making bets. And as things started to cool off a little bit, which I think everybody can see, there were really only a couple plays in the VR space. Apple's been kind of threatening they're going to do something, but they haven't pulled the trigger for it yet. They're still very mobile AR based. And Facebook and Oculus just kind of turned into its own beast, but they're continuing to lean into it. So I think that could be partially ego-driven, but it's also like we're thankful that they're continuing to lift the market. And Sony still hasn't finished with the PlayStation VR.

So as we saw the shift and started to read the tea leaves a little bit on where VR and AR were going, I think, "Okay, let's not throw away all of this trust "and these relationships and all of this technology "that we built, but maybe start to zoom out, "expand ourselves a little bit to capture "more of the customer, more of the content customer, "more of the flagship devices on the hardware side, "TV's, game consoles, things like that." So still remain innovative and still be a partner to these people, but adjust to what was happening in the industry. And that's kind of what gets us to where we are today with the platform. - You know Tony, what strikes me in your description 00:08:03,710 of firstly being agile and pivoting, and then secondly, building relationships of trust and partnering, you've created this incredible ecosystem, this web, where you're really at the center of it. So with that, for those of us who are not as well versed in the media distribution world, how does Rad's business model work with all of these different stakeholders involved? - Yeah, well I think initially we kept everything free 00:08:36,230 because that's, a lot of times early consumer venture backed businesses remain free to capture market share, and then they figure a business model out later. Sometimes that works great. Other times, that's not the right path. And so we were able to build a good audience early in the VR space. But as the market started to shift and content started to dry up and people weren't picking VR movies necessarily, like there was really more attention to games, we started to have to think okay, well what's the actual model here? And we can keep some of it free but start to introduce subscription service and start to bring in not only, you know, some of these VR films are 20 minutes long and really well produced, 8K 360 degrees, spatial audio, multiple languages. But there's substantial pieces of content that are worth paying for. There's just not a lot of it.

And so as we started to introduce more traditional content alongside that, with like, for example, WWE, they created a bunch of 360 degree video. But then they also created a bunch of traditional video. I mean everybody knows WWE, of Wrestle Mania. And then we even experimented with them with AR holograms that we (audio cuts) using volumetric video. And so we did, our content deal with WWE was 360 video, traditional video, and holograms, which is like a content deal that nobody's doing. And I think people are willing to experiment with. But it puts us in this unique position from a business model perspective to say we can introduce people to these things for free and give them a taste of it, then do some of the harder, more expensive things. And even from a content perspective, even traditional content can be expensive. Put some of those things behind an actual subscription, then start to get the flywheel going a little bit. It breaks the chicken and egg of we're not making any money on this content, so we can't spend any money on content.

And that means we're not gonna be able to make any money on the content. It's like, so we were able to break out of that dynamic about 18 months ago, and it's started to roll now as a premium, you know, very Spotify for TV kind of model. - Amazing, amazing. 00:11:17,790 Again, as you speak, I admire you so much for being able to manage all of these moving pieces, whether it's your partners developing new technologies, your content providers creating new content and wanting to work with you in multiple different ways. And one thing that you said to me while we were planning this conversation is a skill set that you have to have is to be able to figure out which opportunity to pursue, because as a company, as a startup, as a CEO, you have to choose where you put your resources. Your resources aren't completely unlimited. You can't go after every single opportunity, right? How do you choose? Given that you are building relationships and trust with your partners, given that you're trying to carve out an area for your company, how do you think about making trade offs? - Yeah, I mean I think we always try 00:12:12,403 to look back at our core DNA, which is, you know, where we started was taking things that were really hard to package up and get to consumers in the form of different content bundles, whatever it is. Doing that as an innovation partner to hardware companies and the content companies is part of our DNA, and that's what has provided value to us as a company. And it creates differentiators in the consumer market for us to do things that are ahead of everybody else.

'Cause like how do you compete with Netflix? And they're spending billions of dollars on the content.

We just can't compete with that. So I think in terms of picking or how we're thinking about what we're working on, it always helps for us to go back to say does this line up with our core DNA where we've created value? And that doesn't mean that we can't shift the business but still point back to the DNA. So looking at VR, AR only, that market is too small, particularly for, I mean, it's growing but it's still too small for like venture outcomes, right? And a handful of companies have been acquired. Lots of companies have just failed, have been shut down. And the companies that have been nimble and shifted kind of how they think about what they're doing, they've survived and thrived. And so we I think tried to listen to what we were built on and our principles, but then still honor those relationships that we had with the content companies and the hardware companies. So now we can go back instead of Google Daydream VR, it's talking to Android TV with the flat device. And they're saying, "Hey, we have Google Voice assistance "that we want you guys to do some interesting things with. "You did some really cool stuff with VR. "Can you help us make TVs more immersive?" Yes, that fits our core DNA.

We can get a device a year in advance, work on SDKs that are undocumented and our engineers can figure it out and work back and forth with their engineers behind the scenes. And that's allowed us to, it's provided enough of a guidepost for us to say, "This is what we're good at." And as opportunities are coming our way, some of them sound interesting but then we say, "Well it's maybe distracting, so maybe we shouldn't do this "because it's not core of what we're at." And so there's been some potentially short-term lucrative deals that we've had to pass up because it would've turned us into a production company or an AMC, as opposed to a technology company building an engine for doing very advanced distribution of content, so yeah. - Very powerful. 00:15:26,528 You know, what this reminds me of is as a startup, thinking about company culture, company values, the company DNA and making that very explicit is actually really really important. It's in some ways even more important than building a technology that is defensible, because that allows you to make these trade offs in a thoughtful manner. You have to stand for something. Otherwise, you're gonna fall for everything. So I really appreciate you making that very very clear to our students today, because many of them have a tech background and love racing to solving a tech problem. But yet, the culture, DNA, the values are so so critical. So it's been quite the year, if I might shift a little bit.

And with your core DNA in mind, COVID brought a lot of change to, I mean all of our lives. And so could you tell us maybe a little bit more about how Rad has experienced COVID and how your community has shifted, your partnerships have shifted, how you shifted during these sort of unprecedented times in the past 12 months? - Yeah, yeah, I mean I think we, 00:16:39,440 when we first started building the company and being VR-centric, we had immersive technologies as a way to bring people to the platform, and they were able to have fun and do cool things. And that was a real differentiator for us. There was nobody else doing it at the time. And that changed as the years went on. But at the beginning, that was a real differentiator for us. And so when we started looking at, as COVID started to take hold and people were at home more often, we actually saw a rise in the amount of VR use in our apps because people were buying VR headsets. And I think they wanted to escape reality. But since we had already kind of expanded into more traditional video content and even supporting live streaming, so we got a number of our partners coming to us. We have a bunch of music on the platform.

And so a number of those partners came to us and said, "Can you support live streaming music events?" And we said, "Absolutely, yes." And so we started to put together this combination of if you just had a PlayStation or a TV or a phone, you could watch the live stream on the phone. And if you had a VR headset, then we created these like animated VR environments that you know, we did Electric Daisy Carnival and there was like psychedelic planets flying around. And so there was still kind of this bringing back to the world where we started, because we didn't throw all of that technology away. But we broadened the scope out of you know, doing charity live streams and huge electronic music festivals, and allowing people to chat. We introduced this watch party capability that allowed people to chat around the content. And that was all being like, "Okay, these people are at home. "They need to connect with their friends. "They're trying to escape reality. "What tools do we have at our fingertips "to make that better?" And so that's what we did. - Amazing, amazing.

00:18:54,069 I think you also mentioned people want to meditate together? Is that right? Like all these things that-- - Yeah, we had, there's a number of different use cases. 00:19:06,535 We've done like, we've had like ASMR in VR. We've done like yoga holograms (laughs) that show you how to do the proper form and you can put the instructor in your living room. That's gonna be coming out in the next month. So yeah, so there's like those kinds of things we looked at. There's this guy who we've worked with who basically does like five minutes of you sitting on the beach in Costa Rica in VR. And it's just beach waves and you relaxing. And so that's part of the premium bundle that we have. And it's like if you want to go relax on the beach in VR, you totally can. So yeah, there's been some interesting use cases that have come out of it, and how we thought about the effect that COVID has had on people.

From a direct-to-consumer perspective, there's been lift on our business, which has been nice. But I always remind the team that we're so lucky to be in a position to see any kind of lift, and so what can we do to honor that? And so we're not, that's not lost on us, for sure. - It's so humble, so humble for you to say. 00:20:26,250 So with COVID, I'm actually curious now that you've seen this lift, now that you've seen people sort of relax their notions of what an experience needs to be, I'm still kind of stuck on the yoga hologram one. That's very interesting to me. Do you, are you more excited about the future of this space as a result? Do you think COVID actually like accelerated adoption? Do you think we're in a better place as a result of this, the changes that have happened? - Yes, yes. 00:21:02,123 Yeah, I mean I think it kind of accelerated everything that has to do with you being at home and engaging in technology. I mean it's, Zoom is a prime example. You've seen the like

Peloton explode and the Mirror to work out at home and things like that. So there's going to be some permanent shift.

It might be 20% of the world has some kind of permanent shift in their lifestyle. Maybe once everybody's vaccinated, it goes back to normal. But arguably, I think it will change behavior, consumer behavior, and it did change consumer behavior more rapidly, which is one of the most difficult things to change. It's why VR had a really hard time getting out there. And even AR on mobile phones is cool and gimmicky, but your arms get tired after holding your phone up and moving it around. Like your shoulders get tired. That's not a human behavior. You know, we've optimized our experience to a game controller, and all we have to do is move our fingers about that much. And that's E-sports, that's sports now, that. (both laugh) - You've gotta have fast fingers.

00:22:22,023 - So humans are lazy, humans are lazy. 00:22:25,210 So like for people to put no a VR headset and move around or to do anything really substantially and change human behavior, that's a really hard thing to do. We ran headlong into that wall. And I think the industry did also. It's a tough thing to change consumer behavior. And I think COVID rapidly changed consumer behavior, which is something that's almost impossible. You have to have a forcing function to really change human behavior. If you just let it happen, it'll tend to laziness. - I love your comment that humans are lazy, 00:23:00,223 fundamentally lazy. So just default to that.

- That's a good thing, that's a good thing. 00:23:07,580 Like the best engineers are lazy engineers. They're like, "I don't want to ever "solve this problem again. "I'm solving it one time, that's it." - Hear, hear. 00:23:16,329 Well I'm gonna have a few more questions for the next 10 minutes or so. And I do want to hand it over to the students to ask many many questions. I want to pivot over to your extensive experience as an entrepreneur over the course of many many many successful companies. You spent some time building a company to help other startups. Galvanize, you were a venture capitalist. I was curious how you decided to make that shift.

You know, you went from being an entrepreneur to being more of a venture capitalist. That's one shift. And then you shifted back. Could you tell us a little bit more about that chapter of your career? - Yeah, yeah, definitely. 00:24:03,230 I mean I like to get my hands dirty and build. And I think I also enjoy teaching things that I've learned to other people so that they don't have to make the same mistakes. And even when I was at SMU, I was a teaching assistant there. And even as a substitute, was a substitute teacher for like kindergartners when I even started working professionally as an engineer. So I've always kind of had that streak in me, but always liked to build things. So through entrepreneurship, I found myself going into pitch VCs and, you know, there's always having a story and getting better at that.

And I think I saw an opportunity having gone through it a little bit myself and banged around and made mistakes that maybe I could be helpful to some of those people to avoid those mistakes. But also, you know, it's a relationship game and relationship is, relationships are almost more valuable than capital. So inserting myself at the center of a community and building relationships with other entrepreneurs and other VCs and doing that more rapidly and building that community, I thought it felt right at the time. And I'm still so thankful that I had that experience. But over time, I got the itch to build something new technology related again and operate. And so it just changed from a learning mode and I'm gonna open my mind up to this chapter and try to help people and learn as much as I can myself. But then eventually, it turned into I need to engineer a new product and get my hands dirty again. And I always joke with my wife that Galvanize was like, I went to engineering school, so you know, computer engineering. And I always joke with my wife that Galvanize was like getting paid to get my Master's in Business. You know, it's like I completely flipped out of engineering and just learned about how to raise a venture fund, what it meant to be LP and GP and write checks into companies into C rounds and A rounds and convertible notes and why you would set something up as a C corp versus LLC.

And all of those things were very rapid fire and very hands on. And so yeah, it was a great learning experience. And I think we were able to help some companies, so I feel good about that. Back to getting my hands dirty. - Amazing, amazing. 00:27:04,430 You literally hopped on the bike without knowing how to ride the bike and just like rode the bike when you became a VC. - Yeah, best way to learn. 00:27:14,840 - I want to go back to something you said 00:27:17,220 which actually applies to your time at Galvanize, but also what you're doing with your partnerships and ecosystem now, which is the importance of relationships and how you build them. And you clearly are really incredibly skilled at that. And I think at least for me as an engineer, it took me many many years to kind of even get to like novice level.

Like what sort of advice do you have to engineering students in building relationships of trust? - Yeah, I mean I think that that realization for me 00:27:55,010 came later than I would've liked. And it's something that you can get built in to some degree in the Greek system in college, and you know, you can build relationships in school. But if you're not really proactive about being in different networks and people and bouncing ideas off of people as fast as you possibly can, learning from other people and iterating on ideas with people in real time and having drinks with them and having coffees with them, that's where the richness really comes from and the genuine connections with people comes from. And it stops everything from being transactional and just doing work with them. And I've found that a lot in conversations with CEOs, you know, that there's some CEOs that are very much like, "I don't have time for this and I'm very strict "about how I spend my time. "And I don't have time to just jump "on the phone and just chit chat." And I understand that to some degree. Like some people try to take this stance of very busy. So like either you're doing business with me or we're not talking about anything. I try to take a little bit different approach. And I think it's very important to have conversations with your peers on a regular basis.

They're always going through struggles. You can always learn from them. So if another CEO reached out to me and wanted to have a conversation, just wants to have a coffee with no agenda, then I have that conversation because we get to form a relationship. And then down the road, then it's like when you call them and you're like, "Hey, do you know so-and-so," or, "Hey, I'm trying to get into this fund," or, "I'm trying to do a partnership with this other CEO," they don't think it's transactional, just helping you because you're friends. And so those genuine kind of authentic relationships are so important. And that's why I say more value than capital. If you have the right relationships, it really, doors just start to open. Instead of on the outside trying to get your way in, it's like you just have a network of people that are all helping each other. And so yeah, I feel like that is such an important thing in entrepreneurship to focus on, to be really proactive about that. I was just heads down building when I graduated from college.

I was just like coding, not thinking about like, "Hey, I should be building my network." And so yeah, I, like that's a really important piece of the puzzle for entrepreneurship, for sure. - You know Tony, they don't have a class in that at school. 00:30:39,410 It's very weird, right? We take all these functional topics. We get really good at like mechatronics, really good at like artificial intelligence. But there's like, it's actually a really important skill to be able to gain that social capital over time, and then to also spend it very wisely. And you are incredible at doing that. You had one other piece of advice that I thought was incredibly powerful in another talk that you did for entrepreneurs. You said that one of the most, well the most important piece of advice for entrepreneurs is to be like water. And I was very touched by that. Could you maybe give a little bit more meat to what you mean by "be like water"? - Yeah, I mean it's just like go with the flow, 00:31:30,900 you know, path of least resistance.

It's not always about the least resistance, but it's just flexibility is so important. And that kind of expands into empathy and understanding and the people that you're working with, if something happens and something comes up and it's gonna be a challenge to have to deal with, that's okay. You'll figure, you know, you will figure it out. And you start to figure it out together. It's not about who said what and when and arguing about all of that. When something comes up, start to figure it out and flow around it and lean into it and make it work. And so over the last handful of years, the core team of Littlstar, and now as we've kind of transitioned the brand to Rad, as we go through those challenges and you're in the trenches with people doing really challenging kind of decision-making in the moment, the last thing you want to have happen is for there to be friction. You're all in it together. And it's okay to disagree and have like productive kind of proactive debates about things. But everybody is understanding of each other's position and suggesting that if something, everybody's stuck on something, you're suggesting stuff, too.

There's ways to flow through any kind of issue, that, taking that approach is like just generally in life. I mean entrepreneurship, you need that. If you don't have that, everybody blows up and the band breaks up and a startup falls apart and co-founders leave. You know, like you can't, you just can't operate that way. That's just in business. But in life, if you approach all relationships that way, life just seems to get better. It's like instead of your, instead of everything that you do being contentious, like we'll figure it out. How bad can it possibly be? (laughs) So yeah. I've tried to take that approach more as things have progressed in the last handful of years in particular, because earlier on, I thought that like you had to like stay hard and fast to something. And if you didn't, then you were a failure.

And really, that's like counter to what you should do as somebody in, as an entrepreneur. You should come up with a thesis, test it as fast as you possibly can, figure out if you're wrong, and go to the next thing that's closer to being right. And so that mentality is very much like I'm gonna find the path of least resistance as quickly as possible. And you know, so that's kinda where that mentality comes from. - That's incredible. 00:34:33,180 It's so incredible, just even you're tying that back to relationships and just life, right? It sounds like it's much easier to live a happy life by being like water rather than, you know, always being at loggerheads. - Yeah, exactly. 00:34:50,700 - I'm gonna kick off the student Q&A. 00:34:53,024 So first question. Sidesh asks, "With budding technologies "that may take a long time to adopt, "how do you temper long-term business "versus research goals with short-term goals?" Or business and research goals with short-term goals.

- Yeah, I mean I think we had to be realistic 00:35:18,630 about looking at creating a new industry, which was essentially, I mean the VR industry had kinda been around for a long time. But the consumer, modern consumer VR industry was effectively creating a new market and not re-segmenting an existing market. And so you have to approach it in a different way in that you can't just spend all of your money on R&D trying to figure it out. It's like you have to come up with somewhat of a paradigm that has worked in other worlds and bring that into this new innovative thing. And then lay those on top of each other so that even though the new technology is there, a familiar model exists, so that you know, you're not just down in the weeds burning money on R&D. So we do have a handful of things that we are kind of constantly playing around with in terms of R&D. And we do hackathons, and our engineers contribute to open source and we play around with things like cryptocurrencies, and you know. So there's all kinds of R&D type things that we do. But the core business around content distribution and working with hardware partners and content partners has largely stayed the same. And it's a similar paradigm to other streaming platforms that exist, but we're just doing innovative things that kind of carve out a light space for us.

So it is a delicate balance. But you really have to be focused on building an actual business, especially with venture capital. It's so easy to just get lulled into comfort with money in the bank, 'cause you don't have to build a business. Occasionally that works, but not a lot. - Thank you for saying that. 00:37:15,871 All right, next question. Maybe in similar vein, "How do you build a company "that is simultaneously stable in the present market "and adaptable for future markets?" - Yeah, I think that kinda dovetails 00:37:33,330 from the previous answer. It's a little bit of R&D that we have to think, "Okay, how are we building for the future?" But not sacrificing the existing business. And it's a little bit of the Innovator's Dilemma, if anybody's familiar with that. But so many people get caught up in that where they only focus on their existing business and they never focus on future.

And then over time, they get disrupted by somebody else who has been thinking about it and they've been focusing on their business, which from a management perspective is a smart thing to do. But a lot of people don't have that innovation component to kind of think to the future. And so we I think try to balance that in a way that allows us to continue to be innovative, but also realistic about what the core business is, yeah. - Thank you. 00:38:34,070 Next question a little bit of a pivot away, which is, "Why did your service rebrand "from Littlstar to Rad? "And does it indicate a pivot or shift "from your original vision or problem "that your service seeks to resolve?" - Yeah, I mean I think as we start, in VR, 00:38:56,700 it was a niche community that we thought was going to be more mass market. And Rad has, it's a tithe to Littlstar. I mean we thought, the name came from like radiance and there was, we were thinking like how does this tie to stars? And so the idea that it's still tied to Littlstar but it was a little bit easier to, there wasn't any missing letters. It's simple, it's short, it's easy to remember. Littlstar is easy to remember, but, and then also there's a lot of our content partners. They, I think in the VR space, they can get the nuance around Littlstar.

It's like if you watch anime, I think American audiences miss a lot of the nuance in anime but in Japan, everybody's like, "This is so amazing." You know, it's similar to that. I think Littlstar had a lot of nuance to it. And that VR and AR community got that. But the broader content and mass market consumer might not connect to that as much. And in fact, when you're dealing with Hollywood, people don't want to be little stars. (laughs) They want to be big stars. So we started to think about who our audience was. And it's kinda younger millennial, older Gen Z. There's actually, the millennials go back to when rad was actually used a lot in kind of slang. And things were actually rad.

But the younger generation Gen Z is also reusing that, using rad all the time. So it connects to language in a way that connects to an older demographic, with a younger demographic. It talks about what we do. It's easy to remember. So kind of a lot of things culminated into how we were changing the scope to more mass market content and who we were approaching and how we were approaching them. - Amazing, amazing. 00:41:08,350 And it's, again, you're being like water. You're adjusting and reshaping as your company evolves. So beautiful. Okay, I don't fully understand what this question is.

It's a very long question. So I'm gonna read the first-- - I fully understand it. 00:41:22,856 I don't even have to read it. I know exactly what it's about. - Okay, I do need to read it 00:41:28,512 so that our YouTube Live folks can hear it. I think I know what's going on, but I'm not gonna read the whole thing. So the question is, "Do you have anything to comment "regarding the dispute between independent investors, "especially the Wall Street Bets people on sub Reddit "and hedge funds regarding Game Stop?" And there's lots of stuff going on right now with Game Stop. And I'm just gonna hand it to you 'cause I know very little about this topic. - Yeah, yeah. 00:41:56,040 Yeah, I mean my Reddit account is 14 years old.

I've been on Reddit for a very long time. And I saw Wall Street Bets be born on Reddit and have seen a lot of the conversation that goes on there. And there are some really seedy, there's a lot of like idiots doing a lot of stupid investing. But there's some really smart people on there coming up with strategies and diligence around companies that they have found value in. And so I've always kind of been, you know, I don't know how best to put it, but somewhat of an anarchist or like against the man to some degree. Like I always fight for the underdog. And I love a good underdog story. Who doesn't? But I feel like I certainly don't fall on the side of defending Wall Street here. I think having communities and retail investors have access to the same things that hedge funds have access to is critically important for how we should be shaping investment in the future. And particularly you can look at IPOs, for example.

Like a retail investor can't participate in an IPO, and can't even participate in the private market before things get to an IPO. And guess what? VCs all are pumping that stock from the time they write that check, the angel check. And they just get to do that in private with their buddies. That's how, that's like, you can look at along the way and watch when a lot of these companies IPO. You look at their balance sheet and they're losing $200 million a quarter. But they've IPO'd and everybody, you know what, you know who gets, you know who buys in? Retail at the last minute. They're holding the bags because all the people, all the private equity people got in in a way that none of the retail people could get in. And so they pump it all the way to the point of ridiculousness and then leave retail holding the bag. And you know, the IPO pops right away and then it starts to die and falls off. And the retail people are like, "Well I got in at the peak of the IPO and now it's dying.

"It's lost 50% of its," sometimes it goes up, whatever. But the same thing has played out here on Wall Street Bets and hedge funds. It's just been reversed. Retail has figured out how to pump the value because they've identified a strategy that puts the hedge funds holding the bag. (laughs) And so it's genius. I mean it's genius. And the thing about, you see it on CNBC and Bloomberg and you have these hedge fund managers calling in and talking about it's a manipulation. They do the same thing. And they've been doing it for years. And you see Ackman go on and talk about everything that he's shorting and how he thinks everything is gonna go to zero or he thinks everything is gonna go to the moon.

They go on and manipulate stocks in plain view and leave retail holding the bag. And this moment is basically putting, you know, well now the community is like three million people because it's been memed like crazy. But Wall Street Bets is basically, it was a small group of people that was community driven hedge fund strategy. And they identified something that was gonna pop and did it. And now everybody's mad about it. All it did was expose what hedge funds had been doing and private equity has been doing for years, for decades. And you know, here we are. I'm on the Wall Street Bets team, you know? Like I'm in. I got in GameStop at 60. I thought that was too late.

I was looking at it at 20 and I was like, "Are these guys serious? "Like this thing's gonna moon?" And no, so I took the ride. - Amazing, amazing. 00:46:11,350 Well let's talk one more question about underdogs. Because I know you want to cheer them on. So for those of us who are in BIPOC communities, LGBT, underrepresented groups, what is your advice, this is sort of our last question for this. What is your advice in terms of founders in those categories raising capital? - Yeah, I mean I think, I'm thankful now 00:46:42,510 that the world is waking up to the fact that brilliance comes from everywhere and there should never be any other consideration other than merit and what you're doing, does it have value and is it cool and is it interesting and can it benefit the world? You know, like people are finally waking up about that. And so not to say that there hasn't been a struggle and where it's come from, but we even from a content perspective, it's, we feel like it's important to represent as many perspectives as possible. And they're all, they all have levels of importance. And everybody, no matter who they are, has good and bad views on things. You can take people from every group and say there are great things and there are bad things.

And so we just try to identify the good as our own company. But if you look at it in the broader kind of investor community and what's happening, the investment in minorities, women, LGBTQ, it's all becoming very intentional now. And I think that attention is really good. I've always, I was just raised Southern hospitality, be good to people, take care of them, they'll take care of you. So I've never even thought about that being a thing like as a consideration. I'm just like you're my brother, you're my sister. So like if you're building something cool, then you should get investment if you're trying to raise it. So I've never understood how anybody could have a separate mentality, like a different mentality that splits people up and says that somebody's more deserving. You know, there's probably some natural tendency as humans to gravitate to things that are like them. And so that's an introspective thing that I think people have to look at themselves and say, "Am I doing this right now, "or am I looking at this like the bigger picture?" And so I think there's more opportunities now than ever.

And anybody who has any concern that they might not be able to raise capital, go into that room and slam your fists down on the table and tell them why you deserve it. (exciting music)..