

URL: <https://ecorner.stanford.edu/clips/create-value-piece-by-piece-clip/>

Color CEO Othman Laraki describes how he and his co-founder recognized the opportunity that gave birth to Color. By carefully analyzing the underlying costs of each component of genetic testing, they realized they could take advantage of the rapidly decreasing cost of running genetic tests, while also making the process more convenient and user-friendly.



## Transcript

- It really started actually on the roof, 00:00:02,963 like at Twitter.. My co-founder that started, we started the mixer labs together and later we were both at Twitter at the same time and he has a PhD in Genetics.. But he went into the software world and so on.. He happened to get his genome sequenced and he brought the data and kind of like, we started just looking at the data that he had generated from that.. And one of the things that really struck us at the time was that there was kind of, it felt like there was this pretty interesting novel technology that was around genetics that enabled you to have a pretty novel and deep insights into people's health.. But for which the software tool chain was still relatively nonexistent.. It was really still the domain of scientists who were using kind of pro scripts to try to understand what was going on under the hood.. And our initial thought process was like well, it'd be interesting to see what happens if you have, you know great Silicon Valley cell engineers trying to make sense of all this data.. As we started understanding the space better and just the, you know, we're like, okay, what does the market currently look like? What are the applications of genetics that are out there? It turns out that, you know, genetics, I mean, had already been kind of as a field going on for awhile.. And in fact, actually I had the personal relations to it because I'm actually a carrier of a mutation in a gene that increases cancer risk..

So I had personally experienced it as a patient.. And, you know, at the time, the experience that people had with genetics was one where it's like, it was this huge ordeal.. It would cost like \$5,000 to get tested.. You needed to meet with counselors and doctors and go back and forth through the insurance.. It was like this big endeavor, but we literally, and we had at the time, you know, there's a lot of attention to SpaceX and so on and one of the things we were like, you know, literally what does it look if you put into a spreadsheet, the pieces that it would take to do these tests with modern technology and really does it really need to cost \$5,000? Or is it just because of the scarcity in the market and the market dynamics? And we couldn't make any sense of like why it would cost that much and so almost like from first principles were like, okay now, we think there's a way to do this.. At least an order of magnitude less expensive.. And that kind of like kicked off I think a bunch of questions in our mind, because like, you know, historically a lot of the pricing was set from a world where doing any kind of genetics used to cost, you know, thousands of dollars.. And as the technology evolved, you know, the down this exponential curve, the market didn't react and the price to consumers or you know, patients stayed the same, while the underlying costs had completely changed.. And so that's where we were like, you know, we think there's actually a way to do this in a very different way which might just change where this building block fits in the overall health landscape.. So it was kind of a little bit the starting point, obviously a lot happened after that but that was really kind of one of the first points where we were like, you know, thinking that there might be an interesting thing to do there, that we could potentially make a difference...