URL: https://ecorner.stanford.edu/videos/starting-from-why-entire-talk/

Cody Coleman is the co-founder and CEO of Coactive AI, an analytics platform for visual content. Coactive AI leverages artificial intelligence to make it easy for enterprise companies to search, filter, and analyze large amounts of image and video data by bringing structure to unstructured data. In this presentation, Coleman shares how his life story has shaped the type of entrepreneur he aims to be. He gives advice for fellow founders who want to build positive company cultures and teams.

Transcript

(upbeat music) - Welcome everybody to the kickoff session of ETL. 00:00:22,530 This is ETL, the Entrepreneurial Thought Leader Seminar, which is a Stanford seminar for aspiring entrepreneurs. ETL is presented by STVP, the Stanford Engineering Entrepreneurship Center, and BASES, the Business Association of Stanford Entrepreneurial Students. I am Ravi Balani, a lecturer in the Management Science and Engineering Department at Stanford, and the director of Alchemist and Accelerator for Enterprise Startups. Today we are thrilled to kick off the new year of ETL with Cody Coleman, one of our own. Cody got his PhD in computer science from Stanford, and I believe Cody got a perfect 4.0 GPA as a PhD in computer science at Stanford. He has his bachelor's and his master's in computer science and electrical engineering from MIT. But Cody is most famous for being the CEO of Coactive AI, which is a startup funded by Andreessen Horowitz and Bessemer and others, which is really on the mission of allowing humans and machines to work better together. And with using AI and starting with using AI for enterprises to search, filter, and analyze data from video and image and unstructured data feeds towards structured data. That is one of several hats that Cody wears.

Cody's also the founding member of ML Commons, a collaborative engineering organization focused on developing the AI ecosystem. His work spans from high performance deep learning to data-centric AI, and Cody's also an advisor to NZVC, which funds early stage startups in New Zealand. He's also, his story is featured as a vignette also in the book "Grit." And so without further ado, to kick off 2020 three's ETL, please welcome Cody Coleman. (audience applauds) - Awesome, thank you all. 00:02:15,390 I am so honored and also absolutely terrified to be here today. So I did my PhD here at in Computer Science at Stanford. And you know, even though doing computer science PhD and even though I'm like a founder and CEO of a company, I am terrified of public speaking, absolutely terrified of public speaking. You know, you're gonna see me give a presentation today and you know, that might be demystify that, but just know that this is up there, my top five of kind of most terrifying moments. You know, first number one is lecturing to MIT students because MIT students have zero chill. I can say this, I did my undergrad there, you always have to make sure that you have every like I dotted and every T crossed.

The second kinda most terrifying moment for me was actually meeting Bill Gates. This happened very early on in creating proactive, and to me, like Bill Gates is like, you know, an OG. He is like probably the one of the most famous, if not the most famous entrepreneur that is alive today for creating Microsoft and so many things they did. And then right after that is like right now being here in this lecture hall with all of you. And then, you know, right below that is actually doing my PhD

defense here at Stanford. I had an amazing committee, you know, there was Fei FEI Lee, who is like a luminary in computer vision and AI, Matza Hiarier who is a luminary and distributed systems and created Databricks as well as even Angela Duckworth was just like, made a guest appearance for my dissertation. And you might wonder like, why is that number four or like, why is like right now number three, and you know, partially it's number three, because of the fact that we could have, you know, Bill Gates or this is recorded, so, you know, Bill Gates or like MIT students could watch this and leave, you know, some comments later on. But also, you know, in thinking about this session and looking at the Entrepreneurial Thought Leaders series, you've had some amazing speakers here in previous quarters and previous years, you know, executives and founders from Okta and from Stripe all come here today that have kind of been through the entire journey. Whereas for me, you know, I'm in the middle of creating a company in the middle of my journey in Coactive AI. So, you know, I am entrepreneurial and I am a leader.

I wouldn't say that I'm entrepreneurial thought leader just yet, you know, in the middle of the journey. So for today, we'll say it's slightly differently, you know, it's entrepreneurial leader with thoughts. And I'm actually really excited to be here today and to actually represent, because you know, one of the biggest kind of fallacies that I see in people and thinking about starting a company and a fallacy that I face myself, is that you think that you need to have everything figured out in order to start, and that's wrong. The only thing it's actually the reverse. You just need to start in order to figure things out, so hopefully today I'm gonna share with you, you know, kind of three parts, why did I start a company? What is my personal kind of passion and mission in life? You know, how did I actually start a company? What were the building blocks and how did I actually think about, you know, creating the team, creating the product, and creating the company? And finally thinking about, you know, what actually it is that we're doing a Coactive AI and also talking about, you know, this recent era of AI, which has become kind of, you know, mass adopted kind of across the, not only the nation, but the world. So starting with why, you know, first you have to understand who I am. So in the introduction, we kind of got the high level surface level of who am I. So I'm a co-founder of Coactive AI and I serve as the CEO. I have my bachelor's and master's degrees in electrical engineering from computer science at MIT, I did my PhD here at Stanford where I was advised by Mat Zaria and Peter Bayless. You know, I've worked at leading organizations kind of across many different industries.

So jump trading and finance, Facebook now Meta, Pinterest, Google, other startups, Vori. And you know, I've worked on a lot of impactful projects such as Dawn Bench, which was the first end-to-end benchmark for ML system performance. And that grew into ML Perf, which became the industry standard for measuring system performance, where it's almost kinda like the UN of computer hardware where you have everyone from Nvidia, AMD, Amazon all contributing to that. So much so that it grew into this entire nonprofit called ML Commons to make sure that AI was something that benefited society at large and established the benchmarks best practices and data sets to make sure that is something that benefits society at large. I was an open philanthropy AI fellow, so trying to mitigate the catastrophic risks of AI. And then, you know, randomly I am like an advisor to a VC fund in New Zealand, that's a long story. And I was also part of the Excel leadership program here at Stanford. And, you know, Coactive we've been super fortunate in being backed by just two of the most amazing firms in venture capital, and two of the most amazing partners that you can think of. So Martine Casado @ a 16z, who is just a legend in terms of enterprise SaaS, you know, kind of my twin as I'll get to later. And then Elliot Robinson at Bessemer Venture Partners.

Bessemer was, you know, one of if not the oldest venture capital firm in the world. They created venture capital and a 16z, they created the game of venture capital and a 16z changed it. And then we have a bunch of other amazing investors and things like that. So on the surface level, you know, this is like, it's great, you know, I have the resume, I check all the boxes, it looks great. For being a founder, an enterprise deep tech founder, I have the, you know, degrees at MIT and Stanford, done research connected to the right people. But that doesn't really tell you know, who I really am and, you know, why am I here? Why am I actually, why did I wanna start a company? What am I trying to do? So I actually want to dive a little bit deeper into who I am. And I'm gonna save you from my like TED talk. And instead, I'm gonna kind of go through the SparkNotes of my story and where I came from, because that'll help you understand, you know, where I am now and where I'm trying to go. So I love this image. This was the student registration form that my mother filled out to register me to go to elementary school.

And it basically captures in a single page, you know, the high level kind of spark notes of my life. So first off, first question, you know, city and state where child was born, and she wrote in Monmouth County Correctional Facility. So my mother was actually in prison when I was born. She was on federal hold, so I was put into foster care and then eventually adopted by my maternal grandparents. Eventually she was released from prison, but during that time while she was incarcerated, she was also diagnosed as, you know, being mentally ill, probably suffering from something like paranoid schizophrenia. Eventually she was released and my grandparents having, you know, very big hearts for adopting, you know, me and my siblings, they also loved her back into the house. So she was a part of the household growing up. But it was only my mother, you know, I actually didn't know my father or anything like that. And you can start to see kind of some of those interesting questions here. So, you know, the next question on it is, you know, "Please indicate the racial or ethnic designation you would want to appear in future records, only choose one." You know, this is a different time.

That's probably a problematic question to like, ask today of only choose one rather than like, you know, kind of a multiple choice thing. But, you know, my mom, she wrote in this kind of interesting answer of like, he's interracial, but he's not half white, half black. Which is kind of an odd way to answer this question. Like, wouldn't you imagine that you would just go and like say what he is rather than what he is not? But then this ultimately gets to kind of my favorite question, which is father's

full name. And my mother, she wrote in Rafael Sanchez question mark. And to this day, you know, I still don't know my father's name. You know, I asked my mother when I was growing up, like, you know, what was my dad? I asked my, my grandmother, what was my dad's name? And still to this day have no idea. They looked at me with blank faces, with zero idea of who this person was, which is kind of crazy to imagine that this is like someone that was so critical to like the creation of my life and just nothing, there's no recollection, no anything there. And then it continues to go on. So you see, so not only did my father leave before I was born, but we grew up in poverty.

So in terms of, you know, name the place of employment or address, my mom writes in none, and then in parentheses, welfare. And I grew up with one of my older brothers, Shannon, who you can see was, you know, 11 years older than me. So there was a massive age gap between me and my siblings, and we ultimately grew up with my grandparents. You know, my grandparents grew up in the Great Depression. They only had, you know, a fourth grade education, a second grade education, but they worked really, really hard in order to have, you know, a house and to actually be able to provide for their family. So for me, growing up, we kind of started from really nothing. We just had my grandparents' social security and welfare to live off of, and a roof over our heads. And Winslow Township High School, which is, you know, I love it. I love Winslow, I love the teachers there because they made, you know, all this possible for me and encouraging me and in believing in me. But it wasn't a great high school, we were just a poor public high school in New Jersey.

We were ranked 300 out of 322 schools. You know, I was the first student from my high school to ever go to MIT, and you know, part of that, you know, part of this whole thing was it was originally outta survival, growing up, you know, I wasn't athletic, I didn't have any musical abilities or anything like that. And kind of at home, it was a hostile environment, actually, you know, my biological mom actually loved cats and dogs and had a dream of, you know, starting her own pet shop one day, but she wasn't that organized. So we had a lot of cats and dogs in the house, 13 cats or 12 dogs, something like that. The only problem was I was actually allergic to those cats and dogs. So all I wanted to do kind of growing up was just survive to actually get outta that environment and to just be able to have kind of a normal life where I could afford the things that, you know, I needed and do some of the things that I wanted. And through a lot of, you know, passion and perseverance and grit, and just, you know, sticking with it, that became a reality for me. You know, I went from, like, when I first went into undergrad, I know many of you are in undergrad, my entire goal at MIT was just to be able to get a good job to work at a place like Google so that I could afford the things that I needed and do some of the things that I wanted, like travel. And I was able to do that, and in that moment, you know, like, after working, after finishing undergrad, I actually accomplished that dream, that dream that I had for my life. And, you know, I had a steady paycheck and I could see like, you know, my bank account balance going up month over month.

And that was really, really great. But then something, you know, kind of switched in my head and I went from thinking about, you know, survival to actually, you know, I could see the picture of my life. I could see the next 40 years of what my life would be, and it would be a great life, but I wondered if I could do more, if I could actually, you know, go from, you know, survival to thriving. And ultimately that kinda led to what is, you know, my personal why, and what is my personal mission in life, which is to demonstrate that regardless of where you come from, that you can be successful. And you know, success can mean many different things. So, you know, originally I wanted to go to MIT and like, have academic success, so get a 5.0 GPA didn't do that for my bachelor's. I got a four nine, so I stayed from a master's, you know, and I got a 5.0, then from a master's of engineering, you know, I was a skinny kid in high school. I couldn't even bench the bar. So, you know I wanted to eventually be strong and there's this thing called the thousand pound club and power lifting, which I was able to do. And this past weekend, you know, I ran my first half marathon and finished in under two hours, so I am kind of strong and kind of fast.

And then, you know, after those two goals, I was like, you know, I wanna start a billion dollar company to demonstrate kind of business or financial success. And then, you know, my last goal is to be president of the United States. So we're so far, two out of four working on the third, and then we'll figure out the fourth one after that. And then, you know, the last piece of it is like, who am I? You know, and Cody, the human, you know, I think one thing that is really important to realize and that can be lost is, you know, I remember when I was sitting in the same seats as you, you know, I thought of, or even when I was growing up, I thought of entrepreneurs like Bill Gates or any of like Steve Jobs and these people. And I just put up so much barriers kind of in my mind in terms of like, you know, these people, they're, they're geniuses, you know, they've done so many amazing things, they know so much about the world and things like that, there's no way that they're anything like me. And what I really wanna do today, and one thing that I really want to kind of like for folks to take away is that that's not true. You know, like I am a human being just like all of you, you know, I am, you know, a nerd and I have embarrassing photos from like, you know, wearing the Googler hat, you know, I really enjoy hanging out with friends. I have hobbies in terms of going skiing and things like that. I didn't actually know how to ski until I came here to Stanford. And then I realized our lab did our first ski retreat, and I was like, all right, let me do it.

And even today, you know, I woke up early in the morning and I was like, I was tired, you know, I was just tired in the morning, allergies were hitting me, and I'm like, oh gosh, you know, like, I got this full back to back day. You know, I had procrastinated a little bit and I hadn't finished my slides yet. So even though I spent a decade in school, you know, I you would imagine that would be a better student, but ultimately got it done and things like that. So I'm just a human being, just like all of you, you know, I wake up in the morning and there's days where I don't want to get out of bed. You know, there's like days where I'm like stressed out or I have like anxiety that there's just so much on my plate. How can I even get through this week? How can I accomplish all these different things? And it just gets, keeps getting more and more, especially even this

week, you know, I was flying to visit a customer, then I was talking on a panel, and I'm here today, and then we have a company retreat, there's sales stuff, there's all these things that are going on. And, you know, it's a tremendous amount of work. And I have the same kind of stress, anxiety and the feelings that all of you do. And then, you know, another big part of who I am is, you know, I'm a founder, I am a CEO of Cove Systems Inc, is our legal name or Coactive, and what we do at Coactive and fundamentally a kind of, you know, our goal is that we wanna transform image and video data from being like a tax on organization because of the sheer volume of data into something that actually lifts sales and engagement by making it easy to search, filter, and analyze visual content. So this comes up a lot in media and entertainment and consumer retail companies.

I know Enterprise SaaS is probably not the, like, sexiest kind of area for startups, but I love it. You know, it's a really fun challenge, and this is kind of our pitch today. But, you know, starting out, you know, coming outta my PhD was really like way more technical, you know, it was like, bring structure to unstructured data, here's this whole flow chart and a SQL statement and things like that. And, you know, we know what we're talking about, we're leaders in data centric AI. We're leaders in high performance, deep learning. We've been doing this for a long time. This pitch, like when I first came out of like the PhD, I was like, this sounds great, you know, this is awesome. It's so technical, and like the idea was so brilliant. And like there was all these like little things that kind of piece together between AI and systems and everything that I had learned over my career. Ultimately, you know, this pitch didn't really resonate with customers so that was like one lesson that I learned very, very quickly is that actually relating it to customer problems, explaining it in kind of more simple language, rather than doing like, you know, SQL or anything like that, I realized I got asked the question of like, can you explain what Cove does to a fifth grader? And I used the word sequel, and my team yelled at me for that.

So I learned my lesson over time, but even before this, even before we had this kind of level of Coactive, you know, we started out with kind of a name and a grand vision. You know, ultimately with Coactive, we want it Coactive as a word means to work together. And that's core of our DNA and core of our grand vision, which is to help humans and machines work together. Not for like machines to replace human beings, but actually to accelerate, augment and, you know, help accommodate all humans. And it's kind of funny, you know, we actually created this first logo in like Google Slides, you know, in an afternoon in kind of a boring meeting. And we created that tagline, you know, before we had anything else, but it stuck with us. And we printed out this sign and every single person that joins Coactive, whether you're an employee, a consultant, an intern, an investor, an advisor, we have them actually sign the sign. We started out when it was just the two of us being like, yeah, we'll sign the sign, and one day it's gonna actually fill up, you know, interns will be signing in the little squares and on the side and things like that. And it's kind of crazy to see it today where, you know, it's actually starting to get a little bit full. And it also helps kind of, you know, establish that culture and bring people on to like, what is our ultimate grand vision? And, you know, to see that sense of growth and to be a part of something, you know, a lot bigger than themselves, you know, and bringing kind of all the pieces together and really creating that team.

And then, you know, one of the other things that we first did as founders with Will, my co-founder and we actually, you know, created, we created actually a whole contract between us. So Will and I, my co-founder I'd known him for over 10 years, and we wanted to make sure that one, that we were aligned and that ultimately the business relationship did not impact our friendship overall. And we heard from another founder that had done this, where they just wrote like kind of a simple, just had that conversation upfront to define kind of like, you know, just general kind of policies and things like that. And we did that, and it's helped so much, especially as you think about a co-founder relationship. It's really like a marriage and understanding each other, understanding kind of how you view the world is really, really important to making sure that that's a good relationship, that you're well aligned as you go down this, you know, multi-year long, you know, probably a decade long journey. And then, so, you know, our first like business goal is, you know, we wanted to beat Martin Casado who had the record, he's like my twin effectively. So he came from a very humble background as well. He did his PhD in CS at Stanford, he graduated when he was 30 like me, he immediately, like started a company right after graduating. And then there was one thing that I was hoping wasn't gonna be in common, which is, you know, a year after he started his company, a recession happened, he started in 07, and then there was a recession in 08, and then we started in 2021, and then, you know, a year later there was a recession in 2022. But hopefully the luck continues because four years after that, he sold his company for $1.26 billion to VMware.

And we wanna take that goal, we wanna take that record from him, we wanna beat his record and, you know, create a billion dollar company. And thinking about creating this whole presentation, this slide, and this point was actually the one that I was the most kind of self-conscious about, you know, thinking about, because I know a lot of times with founders and with companies, you hear just kind of this whole grand vision of, you know, just completely focused on the impact that your product will make or that on the world. And like people say that money's not like an issue or they don't think about it. But as someone that grew up with very little money and nothing, you know, I wanna put a disclaimer here and say that, you know, having money is nice. Like if you have grown up without money, actually being able to have money to actually be able to do things and things like that are important. And then also, you know, part of the reason I wanted to start a billion dollar company and get to that unicorn status is to prove that it's possible. To prove that, you know, it's possible for someone like me to actually go and start a successful company. And again, kind of my mission of, you know, demonstrating that regardless of where you come from, that you can be successful. But it's not just that we are successful that matters, the other things that we really care about, how, like, how we get there and how we succeed. So, you know, the second thing that we said is we created a list of, we wanted to create a company that was admired and respected by our competitors, by investors, by

employees, family and friends, even if we failed.

So we wanted to do it in a way that was, you know, admirable, do it in the right way. That could be a example for other founders and, you know, be role models to people that would come after us. You know, we also wanted to create a company where our employees could succeed and achieve their personal and professional goals. And, you know, where people will look back and remember working with us is the highlight of their professional career. And this statement, this idea actually comes from Ben Horowitz's book, "The Hard Thing About Hard Things," where very early in that book he talks about, you know, a founder and like a company where the company ultimately ended up not being successful. But, you know, after that journey, after going through that process, even though the company was successful, people still, despite going on and having successful careers, looked at that experience as the best possible experience, like the best experience in their entire career. And we love that idea. We love that, you know, just kind of mentality of that regardless of like the outcome that people should think that this was such a worthwhile experience that helped them develop and help them be better. And we have a saying internally that, you know, we build products and we develop people. And this is really, really kind of powerful in a sense because, you know, starting a company is very risky.

You know, there's all sorts of stuff that can happen, you know, even in the two and a half years that we've been around, we've faced a global recession, you know, we outlived our bank, which I did not imagine was gonna happen. And there's so many more things that just are kind of completely unexpected that like, you never like picture a financial like collapse of a bank in the US. But sure enough, that happened, so making sure and thinking about how you do the, like how you do the process, how you get there and how you're treating people along the way, can you give you courage to keep going? And also ultimately for us, you know, the thing that we realized was our big biggest fear wasn't that the company wouldn't be successful. Our biggest fear was that, you know, we would wake up one day and like dread going to work because we created a toxic culture. That was the thing that was, you know, the scariest thing to us. We didn't wanna be miserable or for folks to be miserable coming into the company. Because we've experienced that before, we've been at companies, we've been in toxic kind of cultures, and especially as, you know, a black man in tech, there's not that many of us. So I've always felt that pressure and similarly for Will who's Latino, we really wanted to create a company that was a breath of fresh air and that was welcoming to people from all different backgrounds. And that rather than, you know, diversity, equity, and inclusion being like an afterthought, that that was something that was core to our DNA. Not only because it's the right thing, but also because like, you know, diverse teams are just more successful, having kinda more points of view at the table and more perspective is critical to success.

And then the fourth thing, you know, is that we wanted to create a product that helped our customers succeed and achieve their goals, and that our customers would organically and enthusiastically promote our product. You know, really creating something that drives value, that really has that impact in the world, especially at a cutting edge technology and time. And we thought about all of this, you know, before anything else and have that kind of conversation to align kind of on what our goals are and what we're trying to do in Cooactive. And really, you know, not just, you know, the the billion dollar valuation or anything like that, but really kind of caring about how do we get there? What is the type of company that we're creating and what is the type of experience that, you know, whether it's our customers, partners or the team that they're having? So how do we create a company? And the first thing is entrepreneurship is a team sport. So originally, you know, finishing up my PhD in the last year of my PhD, you know, I had always dreamed of, well basically I had kind of an existential crisis, you know, after my bachelor's degree I had an existential crisis and I pressed the snooze button and did my master's. After my master's I had an existential crisis and I did my PhD. And then, you know, after that I was like, can't press snooze on life anymore. And ultimately realized, you know, like I had always dreamed of starting a company and that there would never be a better moment than now, you know, finishing up my PhD, going to Stanford, being here in the heart of Silicon Valley. But there was only one problem, you know, I had an like an idea and kind of a, you know, rough, kind of a rough goal in mind, but I was alone and I didn't wanna start a company alone. I didn't wanna do it by myself because it's such a tough journey.

And you know, now being kind of in the middle of it, I can just say it is a really, really tough journey. It's easy, and having that partner, having that person that can support you on days when you're tired and things like that is really, really critical. And I did a lot of co-founder dating and things like that, but the ultimate thing that actually kind of resonated and I realized was the most kind of important is actually having, you know, trust in the person actually knowing someone that you know how they work and you can trust one another and that things work smoothly. There was other kind of co co-founders that I dated with that might've had some crazy resume or things like that, but you know, it was like a shotgun wedding, which you don't wanna deal before kind of embarking on this journey. So Will and Will is an amazing, amazing, amazing individual in so many different ways, just from a technical perspective. You know, we went to MIT together, he studied electrical engineering, we've known each other for over 10 years. He went to North Northwestern for his PhD in material science where he was kind of an undercover electrical engineer and then transitioned into data science. He had studied management as well, I mean he had done so many kind of amazing things. He created the first like carbon nano tube, random number generator, he did continuous learning with spiky neural networks. He did all this stuff that like, you know, I can't even imagine.

It makes my brain hurt in terms of like just pushing physics to like the absolute limit. But ultimately he realized like, it's gonna be about 15 years before any of that makes it to the practical world. And Will has been like, you know, just, again, there's so many things that you have to deal with as a founder and having a partner in crime that can, you know, pick up the mantle for, you know, kind of all sorts of different things. So Will has worn many different hats kind of over the lifetime of the

company. Right now, you know, he's doing solutions, customer success, security, and you know, jokingly, we say basically everything that starts with an S. And we actually met again 10 years ago at this pre MIT program. And you know, why Coactive? Again, it was very similar to me where it's like, you know, the, the right idea at the right time with the right friend. He had actually just moved out during the pandemic and I was one of the few people that, you know, he knew in the area and I was getting tested every single week because of Stanford. So he asked me to help him move his couch. And you know, in that kind of process, he asked the two questions, you should never ask a PhD, which is, when are you graduating and what are you doing next? Again, immediate existential crisis.

But you know, I clammed together and I created like an answer and I was like, ah, you know, there's this idea for Coactive and this, it didn't even have a name then, you know, and he was like, you know, that sounds awesome, you know, you should definitely do that. There's never gonna be a better time to do it. You have all the skills that you need in order to do it, and like you'll regret not doing it. And he believed in me he was one of the first people to believe that, you know, I could do it. And you know, not only he put his kind of money where his mouth was and he was like, you know, actually I would love to join you on this journey. Let me know what I need to learn in order to join you on this. And you know, basically nights and weekends he became an AI researcher reading papers, he created his own study guide and was working on that for six to nine months before we even started Coactive. And I was like, that, that level of grit, that level of, you know, passion and perseverance and you know, determination, that's exactly what you want in a co-founder because it's a very long journey and you have to figure out a lot of things. So his special skill of going from zero to 100 really quick, really paid off. And then just, you know, again, a nerd like me, though he doesn't drink caffeine, which I don't know how he does it, that's like magical to me.

And he has this great saying, which we really both align on like, "My mission is to demonstrate that regardless of where you come from, you can be successful." And he has a beautiful saying around making ladders, you know, "As we climb to new heights, make ladders so that's easier for other people to follow after us." So now, you know, entrepreneurship is a team sport, we have two people, so kind of a team. And we kind of did something crazy, you know, before we hired any employees, we actually thought about culture. And we had talked with a lot of founders kind of before starting our company about you know, what were their biggest regrets, you know, company like founders that started billion dollar companies, deck of corns and things like that. And the biggest regret that like these founders had, the biggest pitfall that they fell into is that they didn't take HR seriously. You know, they didn't think about kind of the people or the culture that they were creating. And rather than culture being a strategic advantage for them, it actually ended up becoming more of a liability. Because culture's gonna happen regardless of whether or not you think about it, it's gonna emerge just from the interactions that you have kind of on a daily basis. So you can either think about it ahead of time or and create a culture that actually will help you move forward, or you can let a culture emerge and you know, play it by ear. So we wanted to be, you know, our goal was that we wanted to strive to be a role model for companies of what, you know, company culture could look like, you know, and we didn't have to do that kind of alone. We could actually take in, you know, a lot of the great kind of culture company cultures that we had been a part of, things from Google, you know, things from like Netflix and all of that, and combine it together, and create a set of guiding principles.

And you know, the first guiding principle, which is still with us today, is that we view culture as our first and most important product. And this is really powerful because culture is something that's gonna change over time. Every single time that you add a person to your company, especially in the early days, it's a non-trivial fraction of the overall company. And they're gonna bring in their kind of own views and things like that. And also as the company evolves, your culture should evolve too to support the goals that you're trying to achieve. And then from there we thought about, you know, who we are, you know, we're one team. It's really a relay race, you know, we're not bystanders, we're humble and grateful. It impacts, you know, how we act, and also what we say. And we set all this up, you know, before we even hired our first employee. And this was actually a really good exercise for us to think about, you know, what were the working environments that we enjoyed the most, who were the people that we kind of enjoyed working with the most? And going through that process of self-reflection actually gave us, and that process of self-reflection and creating a culture, you know, helped us think about like, who should we hire? You know, because there's one part of hiring, which is, you know, the skillset that people have, but another kind of equally, if not more important is who those people are.

You know, how do they think, what are their values and like what drives them as human beings? And making sure that you're actually, you know, aligned there from a values perspective can be one of the biggest things in determining whether or not, you know, it's gonna work out, especially with these kind of early team members. So after we set up our culture, we started to hire folks and we hired an amazing team of people. And one thing that you'll notice about the team is that, you know, it's a very diverse group of folks and that was by intention. You know, one thing in talking to other founders, again, before we started, we heard from them that if you don't think about it early, if you don't think about creating a diverse team and things like that, you're gonna be fighting an uphill battle. So we actually wanted to go and do that and have that kind of a core part of our DNA and we resisted, you know, a lot of kind of prevailing wisdom is like, hire your friends, you know, hire like really, really quickly, especially because you have so much pressure to move kind of fast. But we wanted to take our time and actually do that and actually go outside of our comfort zone, bring people that we weren't, you know, maybe necessarily immediately connected with and actually develop a diverse team. And that paid dividends, both in terms of establishing our culture and then broadening our network that we could hire from. And then also kind of at this point, we were about, you know, seven people. And one thing that you'll probably hear a lot in terms of entrepreneurship and starting a company is this notion of product market fit and product market fit. In product market fit, you know, people talk about a lot and things like

that, and it always felt very nebulous to me, but I remember I had a great conversation with Alex, kind of about product market fit, where you define kind of two stages.

One, the first stage of product market fit is the proof of value stage. This is actually going and like building something that someone in the world, like a few people, a few organizations in the world actually want, you know, that they're actually willing to pay you for if the thing actually works out. And at that stage of the company, you wanna keep the team small and very technical so that you can actually iterate and adapt the product very, very quickly based off of feedback. So you know, the team at that kind of stage, that first half of product market fit, you wanna keep it small, very kind of technical. So you know, somewhere around like three or four engineers and a team of, you know, six or seven overall. Once you have those kind of initial wins and you go out of this kind of proof of value phase, you have those first people that are like, yes, we will buy this product. You know, things change, and because things changed, we also changed our culture. You know, we thought about and we updated it, we made it shorter and things like that. And then we moved on to the second phase of proof of market. So this is now actually saying you've proved value kind of once or twice, now let's actually see if there's a market there.

And here you start to develop, you know, kind of initial sales team and a slightly large engineering team to actually be able to support the customers that you have on the platform. So again, it's very heavily weighted towards engineering, but what you'll see is that we hire our first salespeople, we hire our first account executive, our first customer success or customer operations person, and our first solutions engineer to be able to actually support customers and to be able to actually test the market and figure out what is a sales playbook and actually figure out kind of what is that repeatable motion and iterate towards that. Now that we have a product that drives value, we gotta figure out how do we actually sell it and how do we get it to the market? And that's that second phase of product market fit where again, you'll expand your team, you don't wanna get too big because once you say you have product market fit and you go into the scaling phase, there's kind of no going back and it's really hard to move the team. So right now we're at, you know, about 16, 17 full-time people, which is a really, really good, good size. And then we can augment it with having contractors and consultants to support us. And then once again, you know, our culture has adapted and evolved from that, you know, now we're thinking about how do we actually make magic for our customers and being more customer focused. And then also as we grow the team, continuing to embrace differences as we create a more diverse and inclusive environment. And again, constantly iterating on our culture as we also iterate on the product and the company as well. And then now that kind of takes us to present day, which is, you know, what are we doing? What is it that we are trying to do with Coactive? And in the interest of time, I'll skip the slide and I'll go back to, you know, kind of an old saying from from Bill Gates, you know, where he predicted in 1996 that in the essay called "Content is King," he predicted that the real money on the internet was gonna be made in content just as it was in the broadcasting era. And that the long-term winners were gonna be the people that were able to effectively leverage their content to deliver information and entertainment.

Fast forward to today and those predictions have come true, and the king is here, 80% of internet traffic is unstructured video data, 80% of data data worldwide is predicted to be unstructured data by 2025. And that prediction was made before this recent wave of generative AI, which has like dramatically lowered the barrier to being able to create content and nearly 80% and all that content influences our everyday life. Nearly 80% of people say that user generated content impacts their decision to make a purchase. So it really isn't a question of like if or when content's gonna be king, the real question that companies are asking or should be asking is what type of king is their content? You know, everyone wants, you know, that legendary king, like a king er where their content lifts sales and engagement by delivering the right piece of content to the right person at the right time. And I was able to see the power of that for working at large internet companies and things like that of how I lifted search recommendation and ads. But I also saw the tremendous amount of resources, both in terms of human and computational resources, tens, hundreds of millions of dollars and years of time to do it. For many other organizations, they instead have like a laser king closer to like a King Henry, where, you know, all this content is being, is sitting underutilized in cloud storage, basically just for serving or archived in backups, effectively attacks on the organization because it costs a small fortune to store it. And it can be even worse than that, you can actually have something that's closer to an Aerys Targaryen, where you risk violating the safety of online communities, corrupting the safety user privacy, and then losing trust in consumer trust in your brands. But you know, with all this problem and actually being able to have that legendary king, you know, kind of thinking of that whole phrase of if content is king, then I believe that AI is the queen. AI is really the key to being able to unlock the value of content, to be able to work with content at the scale that we have kind of around us today.

But the problem is that actually marrying together, you know, as with any marriage, you know, marrying content and AI marrying data and AI is really, really difficult. And then the entrance of time, I'll kind of go through this very quickly, but you know, there's no, no free lunch. There's a number of challenges that we have to think about. You know, scale is really, really critical when we think about, you know, data, modern data documents and images, you know, if we look at tabular data, about 10 million rows is kind of about 40 megabytes. If you take 10 million documents that's about 40 gigabytes, that's about, you know, that's like going from the side, the surface area of Lake Tahoe to the surface area of the Caspian Sea. And when you look at 10 million images, now you're talking about the surface area of the Pacific Ocean. All that content can be very, very skewed in terms of, you know, the data that it represents. In the populations that it represents and not all the content that's on the web is actually good content. We're dealing with ethical issues around, you know, IP and AI art. We're dealing with, you know, the people that are actually providing the moderation, providing labels being exploited and developing countries.

We're dealing with all sorts of content that, you know, shouldn't be shared online. It's influencing these models and doing, you know, potentially harmful and bad behavior. But with that, you know, I want to end and I wanna thank you all in, and open it up to Q&A. (audience applauds) - How do you balance a positive culture 00:43:44,250 and sort of this like sort of semblance of a family in the company with having to make hard decisions about perhaps having to fire people or let people go for poor performance? - Whoa, that's a super great question 00:43:54,390 because there's definitely, you know, a tension there or there can be a tension there in terms of having a very inclusive culture and then, you know, just the pressure that comes with executing at a really, really high level. And you know, I would say one of the key things is to is to have a high bar, you know, hire, this is kind of age-old wisdom of you wanna hire slow and fire fast and really taking kind of methodological, like being methodical in your approach to hiring people. And one book that I highly recommend is called "Who the A Method for Hiring." And this is something that we actually use with our founding engineers. There's this crazy part of it where you have to do like a three or four hour interview with people where you walk through their entire kind of career to get the kind of narrative behind it. But taking all of that time, you know, doing a full on day, like full day off on site with super valuable in making sure that we actually hired the right people so that we ultimately didn't have to go through the painful process of firing people. So being very, very thoughtful about those early engineers as early hires is key. - Thank you, yeah.

00:45:06,367 You talk about culture and there was this saying that "Culture is either by default or by design." Would you share how you design the culture or it's pretty much referred to the value of the co-founders. And another one more question is for a team with about 16, 17 people, and- - Let's just do one question, 00:45:25,833 - Okay because we're gonna be outta time, 00:45:26,666 so let's just do that one question, yes. - So, super great question. 00:45:28,332 So culture can mean many different things and there's many different types of cultures that are successful. Amazon has one type of culture which is very different than Google, which is very different than Apple. And ultimately I think culture will only work, especially in the early days as if you can actually live it. So as founders as kind of like the early team, really thinking about what is kind of the values, the culture, what type of work environment do you enjoy so that you can actually live and reinforce that on a day-to-day basis, is critical to being able to design and create the culture that works for you and for your organization. So very much in the early days, it reflects kind of the founders and their working style. - Terrific, 00:46:08,580 one more question. - You mentioned that money 00:46:10,440 is one of your top priorities.

I'm curious to ask, given that, you know, there, there's so many external factors that can cause and drive, like how what your valuation of your company is. How do you develop like a healthy mindset and relationship with it? - Super great question. 00:46:25,170 Yeah, because, you know, one thing that I think has kind of become problematic in like recent years is that you have a lot of entrepreneurs that run their companies to raise rather than raise to run companies. So, the key thing there, and this is actually key as an entrepreneur in general, is being self-aware and being honest with yourself about where you are and not getting too far ahead of your skis. It's quite interesting right now as like, you know, an AI founder because there's that kind of juxtaposition where AI is a very, very hot area, but on the other side we have like a general recession, we're seeing startups, you know, whether it be growth or crypto or the metaverse, they got over ahead of their skis and then had to go through that painful process of down rounds or layoffs and things like that. So really being thoughtful and not just going for the highest check for the sake of the the check, but actually thinking about who are the people, who are the partners that the firms are joining you, being realistic about where you are, being honest with yourself and with potential investors about, you know, the state that your company is at. And trying to build, like piece by piece, brick by brick, rather than, you know, trying to skip stouts is really, really critical to being able to build lasting value. - Terrific, thank you all. 00:47:38,846 We have to cut it there. So join me in thanking Cody.

(audience applauds) (soft music)..