

URL: <https://stvp.stanford.edu/clips/a-startup-for-the-right-reasons>

Emergence Capital general partner Santiago Subotovsky explains why he made a crucial early investment in Zoom. For one thing, he says, he realized that the product worked consistently and solved real problems for him and his family. Meeting founder Eric Yuan, he adds, further convinced him to invest. The thing that most impressed him about Yuan, he says, was Yuan's deep focus on customers and product rather than wealth or fame.



Transcript

- I was one of those frustrated users.. 00:00:05,470 Being from Argentina, I have a lot of friends and family there, nothing worked for me when I wanted to stay in touch.. I could call them and I could get like a family recipe or something, but I couldn't build a relationship because technology didn't work.. My wife worked and lived in Nairobi, Kenya for a while.. And again, to stay in touch it was really hard and this is gonna date me but I was using those scratch cards to communicate with her.. And it was really painful and I felt that our relationship was getting weaker and weaker because we couldn't do this.. We couldn't look at each other in the eyes and see how people were reacting.. So I had that need myself, and that's why I've been trying every technology out there for this for a long time before I came across Zoom.. And I came across Zoom back in 2013.. So it was early in their journey of Zoom..

And I remember testing it with my aunt in Argentina.. She didn't speak English.. I mean, she didn't own a computer or anything, and she downloaded the app to her phone and we were Zooming and it worked consistently.. And that's when I realized that the product was doing something different and it changed my life early on.. And then when I met Eric, I mean the whole relationship went to a completely different level.. It was less about the product, the metrics, the market, and it was more about Eric.. And at the end of the day, I don't think that I invested in Zoom the company or Zoom the metrics or Zoom the video conferencing market.. I partner with Eric because I connected with them.. And I could see myself working with them for a very long time and becoming great friends.. - And what made Eric stand out? 00:02:01,010 Because there are a lot of engineers that start companies, there were a lot of video conferencing companies at the time, and I'm asking this because the students are asking about how you got your first investment and then there is this consistent question around how do you get a VC to actually give you money and Santi, you are a VC, you see thousands of pitches, what was it about Eric that's made him great and not just good whereas the other founders may seem good and not great? - I don't think there's a one size fits all..

00:02:28,800 There are some investors who are looking for the metrics, some investors who are looking for the market, I'm looking for the people.. And when I met Eric, he didn't have a pitch.. When I visited him in the San Jose office, he would come down and greet me and walk with me up the stairs and they found out the elevator never worked, and that's why he wanted to guide me into the right office.. I mean, there were a bunch of dispersed offices in that building, but he had the human side of the entrepreneur who was doing Zoom for the right reasons.. It wasn't about, I want Techron to write about me.. It wasn't about, I wanna get the highest valuation.. It was, there's a problem here that I need to fix and I'm not gonna stop until I fix it.. And we see a lot of entrepreneurs that are starting companies just because all my friends are starting companies.. It's so cool, I'm gonna do it.. And those entrepreneurs end up giving up when things get tough..

And things get tough in the life of a company.. It doesn't matter if you're a small or if you're big, but if you're passionate and obsessed with addressing that problem and that end customer, then you're gonna run through walls.. You're gonna make things happen.. And like Eric, I mean, Eric is working very long hours and he's been working very long hours for a long time.. It's not just now.. And that's because he believes in what he's doing and his team believes in him and he feels and he knows he owes this to every stakeholder, not just shareholders, but customers, employees, the community, the world.. And when you find someone like that, I mean, it's once in a lifetime...