

URL: <https://stvp.stanford.edu/blog/videos/embrace-uncertainty-entire-talk>

Thuuuz Co-Founder and CEO Warren Packard appreciates how uncertainty is a constant force in the lives of entrepreneurs. Sharing stories from his career as an entrepreneur and venture capitalist, Packard captures how life is a series of decisions made without complete information. He also addresses how his current venture approaches issues of funding and strategic partnerships.



Transcript

He is co-founder and CEO of a start-up called Thuuuz.. So without further ado, let's welcome Warren to Stanford.. Its great to be here and it's actually fascinating to be here.. I almost went over to Terman Auditorium to give this lecture and it is a big hole in the ground, obviously, you guys know that.. Things have changed a lot and in fact when I first got here on campus, I got here in 1985, I was driven around by some folks who actually had a car and we went around campus drive, which by the way was slightly different or at least the roads were configured differently back then.. And we were looking around at all the construction, we like, wow, there is so much construction around here.. This construction is going to end like in a couple of years and then Stanford will be done.. And I'm glad to see that I was right about that.. It's incredible, all this.. As Tom so nicely mentioned, I'm the founder of a company called Thuuuz, which is in the sports space and I will try very hard not to be shamelessly promotive about that, but it will - I'll definitely touch upon it a number of times throughout this talk..

But I have to start off with a sports question of course.. So, number one, who watched the Super Bowl? All right, excellent.. Number two, who enjoyed watching the Super Bowl? Pretty good game as it was.. So let's get to the more broader picture.. Who watches SportsCenter here? All right, a few less people.. Who enjoys watching SportsCenter? All right.. So you get your fix of sports.. So one more final question when you watch sports on SportsCenter do you ever go, wow, I wish I'd watched that game or at least the ending of that game, like the last five minutes of that game, or last 10 minutes of that game, or the incredible comeback or whatever.. Do you ever have that feeling? Well, that's what Thuuuz is all about.. We are actually taking a whole bunch of information that's out there and we're compiling in real time, the excitement level of every professional and college sporting event that's out there and we actually do the same thing for the individual athletes who are competing in these games as well..

So if you're busy, you're doing your problem sets, you're in your study groups, you're eating, whatever, you will get notification say, hey great game.. Watch this one, it's again 50 minutes left to go in X or two innings left to go in Y.. You'll be able to tune in, take a study break, gather your friends around, see an amazing conclusion to a game.. And you won't have to take the risks, so to speak, of tuning into a game for 3.5 hours or letting it distract you, because of course you guys are focused on those problem sets, group projects and things like that.. But that's we were all about.. We're taking a whole bunch of interesting information, turning it into real time data so that you guys can have fun watching sports and it's in fact exploring sports that you might not have otherwise watched.. And more of this will come out about Thuuuz.. But underpinning everything that we're doing is statistics because we're taking objective data about these games and we're manipulating it and turning it into a single value about excitement, tethering to a subjective sentiment or measuring a subjective sentiment.. So this gets me to the next set of questions here, because I just mentioned statistics.. Who here has taken statistics? Right, quite a few folks..

Who here has taken calculus? Quite a few more.. Show hands, who likes calculus better? Who like statistics better? Who doesn't like either? Okay.. I will just make it a determination that you guys said that calculus is much more interesting than statistics.. And that's typically the reaction, although I didn't count all the hands, I will just assume that was the case.. But our business is all founded upon statistics and the point that I want - well, that I will make, without making or having any defense behind it is that life is statistics.. Life is not calculus.. Calculus is all about perfection.. Assume a frictionless surface, assume this, assume this, assume this, then you can integrate or do whatever you want and you will get the right answer, but it never plays out like that in reality because reality is statistics.. Reality is probabilistic, it's nondeterministic and so in our business

were all about exploiting non-determinism.. You don't know the outcome of the game, you don't know if the game is going to be exciting..

But yet you still want to know.. You still want to know if it is worth your time to tune in, are you going to admit why should I watch the highlight when I can watch the real game, but I don't want to tune into the real game because it might not be interesting.. So there is a lot of things in life that are uncertain.. We're exploiting that.. But all of you who are clearly on an entrepreneurial path are also exploiting uncertainty because what I will pass it here and the whole premise of my talk is that determinism has very little role in entrepreneurship.. It has a lot of role or a big role in engineering.. And many of you, most of you are engineering majors, but when it comes to entrepreneurship, entrepreneurs seek out uncertainty, they exploit uncertainty and it - and uncertainty is your life.. And so what I want to do, actually speaking of life, is I'm going to go through a little bit of a chronology of my background and how I got to where I am today.. And in so doing, I'm going to explore a bunch of uncertainties, a bunch of trade-offs and hopefully there will be some gems and pearls of wisdom.. Some of these things are going to be very obvious to you and I will hopefully point those out..

Other things were going to be not so obvious.. And the bottom line of course is there are no right answers because everything is uncertain, but as an entrepreneur you're going to be faced, right in front of you, right in front of your team, right in front of whatever task have at hand with uncertainty.. And so as much as you want to go out there and say, I'm building X or designing Y or whatever and its going to be the best thing.. Inside you're going to be saying to yourself, I'm not really sure.. And I guess maybe one of the key takeaways of this talk is it's okay to be uncertain because you should be uncertain.. But me talking today in front of you, I'm actually uncertain what I'm going to say right now.. I've got it.. This is my talk right here, but it will come out someday, lot of uncertainty.. And I'm going to tell you about my time in the venture capital business, lots of uncertainty.. And I'm going to tell you a lot about Thuuz and tell you how it's going to be the greatest thing..

I'm uncertain.. So let's start.. We will kick this off.. I don't have any props, I don't have a presentation, so hopefully this - these things will be easy to keep in your mind.. But I started out as I already mentioned, at Stanford, in 1985, an undergraduate.. And this is actually a good place to start a story because this was my first time west of the Mississippi river, I come from Illinois originally.. And when I came to Stanford obviously you meet a diversity of people.. And it is absolutely fascinating, new environment, everything is new, everybody is uncertain obviously.. But one of the things that I didn't realize at the time that when I stepped foot on Stanford campus I'd be sowing the seeds for the founding team of Thuuz.. And it's actually, it's a wonderful story in that, when I first thought of this idea as I was sitting back watching a football game a couple of years ago..

My first thought wasn't to talk to some entrepreneurs that I backed at DFJ, I've been in the venture business for 13 years.. And my next thought wasn't to think about the business school and think about all my colleagues that I met there and they're fantastic colleagues there, fantastic folks I've worked with at DFJ.. My first thought was right back to my undergraduate experience in Stanford.. I pulled in my freshman RA to be my VP of engineering.. I pulled in a buddy of mine who married a classmate, actually Dean Julie's husband.. For those of who know Dean Julie and for those who know her husband.. As my other co-founder; the three of us started this company.. The fourth guy to join us as a co-founder was in my class at Stanford.. And - so this core group of founding individuals all came from my undergraduate days at Stanford.. These were folks that I had stayed in touch with, we had - maybe we had worked together, maybe we hadn't, but whatever we had stayed in touch together and we just - it was a great network..

And it brings up this first kind of conflict or balance or tension if you will.. And this is an easy one, this is a lay-up.. The tension is between what is more important when starting a venture, is it the team or is it the idea.. And along with the idea you can say, is it the market, is it the opportunity, is it the businesses, is it the technology, but team and everything else.. And in all my experience at DFJ for 13 years, team, team, team and my experience with Thuuz right now having now run this business for - it depends on how you count, it's all uncertain, but a year plus, it's all about team.. And no matter where we go with this business, or how successful or unsuccessful we are with this business, this journey is going to be fantastically rewarding because of the people that I'm surrounded by and the people who have joined this venture.. And like I said, this is the lay-up because I think a lot of you have had this ingrained in you.. As time goes on, the venture does become more about the market, more about the product, more about the defensibility and all those things that come to bear and you have to really focus on.. And you're going to hire more and more people and you will lose touch with employee number 81, I can't remember who that is, but right now it's all about team and it really makes this experience fantastic.. But there is always some tension between what should lead the charge? And I'd say if you're thinking about starting a company, think about your team, think about your team first, especially if you don't have that opportunity in front of you or if you have that opportunity in front of you, think about who would be the best folks to join you in that venture..

So that's my Stanford undergrad.. It can be encapsulated in meeting great people and then roping them into my start-up company many, many years later.. While I was an undergraduate at Stanford I spend the summer at Hughes Aircraft Company, actually two summers in Hughes Aircraft Company, it's probably called Raytheon now or something, it's down in Southern California.. And while I was there, one of the projects that I worked on was called the Defense Meteorological Satellite Program, basically a big weather satellite for the military and also for consumer use.. I worked there with a guy named Lou Gamberg who was a aged veteran of the satellite business and I had a great experience with the summer, doing

all sorts of things which I can't exactly recall now.. But what I do recall is at the very end of the summer he put his arm around me and said Warren, gosh, you did a really good job.. Thanks, Lou.. You know you could be the program manager of this when it launches in 2013.. Thanks, Lou.. That's great..

And, Lou, of course thinking about this and by the way, I haven't changed the names to protect the innocent so, thanks, Lou.. I was thinking to myself, in a way that was the absolute worst thing he could ever say to me after a summer of work at Hughes, I mean, I can't come back to this.. But the other thing, it was the absolute best thing that happened to me because it immediately informed me that I can't come back to this.. It wasn't for me.. And it brings up tension number two, if you will, and tension number two is perfection versus imperfection.. And the fact that in the satellite business you don't have many shots, you don't want your satellite blown up in space or not working or functioning, once it's in space, it's got to work.. And so the things that we were designing into that satellite in 1987 were things that have been tried, true and tested for the past 10 years.. So if you do the math here, or just think about times, in 1987 we were designing a satellite for 2013 that was designed with equipment built and tested in 1977.. And it was all because it had to be perfect and of course it was going to be change over time, but we were still designing the satellite.. And I don't even know if the satellite is going to be launched next year, it's actually coming up, I should celebrate it, or go to the launch, or maybe it's - the program has been cancelled..

But there are some businesses that require perfection and there is other businesses that require imperfection.. And of course if you're in the medical device world, you got to get closer to the perfection side of things.. And of course that's why medical device companies and pharmaceutical companies are very different beasts altogether.. But if you're designing an app or a web experience, or whatever, obviously imperfection is a great tool to have.. It's kind of like - I don't know if you guys call it this anymore, but the God of partial credit.. You're doing a problem set, you get 75% correct, at least you got 75%, you didn't get 100% of the answer wrong, even though the answer was wrong.. God of partial credit works for you in spades as an entrepreneur.. And you have to use that as a tool to get out, get your product launched, get customer feedback, learn from your mistakes, pivot, and do it again, and iterate and pivot and iterate and pivot.. And it's all about embracing imperfection.. Again, I don't think this is anything new, but you're going to have some experiences where you're going to have to be perfect..

And identifying those scenarios and differentiating that from other scenarios is extremely helpful.. So, and it also has to do with the risk taking and risk avoiding.. Again, entrepreneurs are taking huge risks.. And at DFJ we were trying to take huge risk.. And we did a really good job, I believe, at doing that, but at the same time we had a portfolio of companies that we were backing.. And by having a portfolio of companies we were clearly in the risk avoiding position.. You know we didn't - we knew that of a portfolio, let's say if 20 companies, only a couple of these companies were actually really going to take off and be hugely successful.. So we knew that out of 20, 18 were not going to do, well maybe they do fine let's say.. But two were going to make the whole fund.. So that's the balance between risk seeking or risk avoiding, you have a portfolio of companies..

You have a portfolio of risk seeking companies.. Now as the CEO of a start-up company, we're taking a heck of lot of risk, but at the same time, we're also taking in other people's money.. And the moment you take in other people's money, you have to realize that you have to start avoiding risk to a certain degree.. And we will get back to this later because I really do want to make money for my investors.. And as a consequence, the more I really want to make money for my investors, the more I don't want to lose money, the more I don't want to go out of business and that's not a healthy thing for an entrepreneur.. An entrepreneur should want, you know, be going for it and just - 'I bet the company every week or I bet the company every month'.. But you still have to balance of these things out.. And so when somebody say - somebody gives you money and say, hey take that risk, that's great.. That's nice, but there is a lot of stakeholders.. Oh, yeah there is employees..

Not just investors, employees.. Our fifth - the fifth person we brought on, we brought this individual on as a founder, he came to me one day, he said, 'Warren, I'm selling my house'.. I was like, 'Great, that's cool.. Why are you selling the house?' 'Because I want to have enough money to last this start-up phase'.. I'm like, 'That's really scary..' You're selling your house, and I'm thinking to myself - and this was at a time when we were all part-time because again, risk seeking, risk avoiding, we didn't actually jump into this venture full-time from day one.. We were going to test the waters, we're going to figure it out.. And here is this guy coming to me, and says: 'I'm selling my house'.. And I'm like, 'Don't sell your house until we're all committed'.. And in fact, this turned out to be forcing function for getting our company full-time, full speed ahead.. In fact, I don't think he ended up selling his house..

God! Anyway, but he forced us in the right direction.. We have no regrets, whatsoever.. So anyway, somehow I got to that out of Hughes Aircraft Company.. So after Hughes Aircraft Company, that was one of my summers, after my undergraduate days I got a - I went co-term here, I got a Masters.. And I did the smart product design, ME218 program here, anybody in that program here? Yeah, all right.. You're a glutton for punishment.. Actually all these programs are good.... and punishing.. So one of the things about - it was 218.. And actually really specifically about my research that I did while I was here as the Masters student..

So I did work in the robotics lab of Professor Mark Cutkowsky.. And one - I learned a really big lesson there, because going into the research, you're suddenly becoming a specialist.. Up to this time, I was mechanical engineering and what is mechanical engineering? Its lots of things.. And in fact, I loved mechanical engineering because it was lots of things.. But then suddenly you're doing research.. And we weren't just doing robotics research, we were doing grasping and manipulation of robotic hands.. Even so more, we were doing slip sensing of robotic fingers.. And you could keep going, down and down until -

into the minutiae not to be pejorative at all, but it gets very specific.. And it really started opening my eyes to the fact, that at some point in my life, I'm actually going to have to decide what I do.. And I need to figure out, am I a specialist or am I a generalist? Or maybe I don't really have to figure it out, but I've given this a lot of thought..

And this brings up another story because - and very soon I'll talk to you about - or I'll tell you about my time at Baxter Healthcare Corporation, which was my first job out of college.. And while I was at Baxter, I the pleasure of working with an amazing engineer named Dean Kamen.. And you might know Dean because he has done all sorts of fascinating things, like the Segway Scooter, and he is the guy who started U.S.'s first Robotics Competition.. He has done a number of different things, but he is an amazing engineer.. And so I was working with him, we was designing the next-generation kidney dialysis machine and I was designing the next, next-generation kidney dialysis machine and I realized that he was good.. Like, you know, as much as I was, 'oh, I'm doing this cool wizzy-wig technology kind of stuff' - actually wizzy-wig's totally the wrong word.... Cool technology; he would always know more than me, in terms of what I was doing.. Like, he could come over and look over my shoulder - in fact, Mark Cutkowsky did the same thing, it was eerie - I'd be like in a lab for 56 hours straight and he'd come in the next day, kind of look over my shoulder and go, 'You forgot that'.. How the heck do you know that? And Dean would do the same thing, he'd look over my shoulder and he's: 'You're doing something wrong', or whatever.. But it was then that I really grocked the whole notion that he was a specialist..

Like, if you ask him about, 'Hey!' - he lives in New Hampshire - 'how are those New England Patriots today?', he'd look at me and go: 'Basketball?' And if you said, 'Hey, d'you see that cool movie, Terminator!'.. And he'd go, 'Movie?'.. And it occurred to me that he had invested his life into being - and he is not monodimensional, so I'm exaggerating - but into doing all these things over here, and not doing these things over here.. He had decided that he was going to be darn good at this stuff, and he couldn't care less about this stuff.. Or maybe, whatever.. But I couldn't do that.. I wanted to watch the Patriots - well, I wanted to watch the 49ers.. Okay, really I wanted to watch the Bears because I'm from Chicago, but that's besides the point.. And I wanted to go to movies, and I wanted to blah, blah, blah.. I couldn't it get it out of my head, that I was a generalist..

And as much as I wanted to be, like, at every point of my life, I wanted to be this person, I wanted to be this person, or this person: I couldn't be those people, I had to be me, and me was a generalist.. And so, this was a very interesting tension because I wasn't necessarily comfortable with the outcome of this, but I had to be because I just couldn't be something I wasn't.. And it's just interesting again.. Uncertainty: you suddenly - you realize that there are things out there, that you can make decisions, but there may be something inside you that's preventing from doing something.. I couldn't stop watching sports; I couldn't stop watching movies, collecting records, but that's old school, right? In any event - and this was a realization I first got when getting into the Masters Program because there you're focused.. And it's interesting - I had an interesting choice a couple of years into my Masters, like I said, I did actually get the Masters - I had a choice whether to go on for PhD or not.. And in fact it was kind of like, sure, I'll go on and get a PhD, and I'll teach, and that was kind of, like, what I saw in front of me.. But my girlfriend at the time said, 'Hey, I'm going to med school in Illinois'.. And I said, 'Cool!'.. And she said, 'You want to come?'..

And suddenly I had to make a decision.. And again, it gets back to uncertainty, right? I mean like, should I follow my girlfriend to Illinois, back to Illinois, just serendipitously she happened to be going to Stanford and from Illinois.. And what would I do? In fact, this was 1991.. And in 1991 the economy was really bad.. And so, there were very few jobs here in Silicon Valley, there probably even fewer jobs in Illinois.. But as I already mentioned, I already gave the punch line, I ended up working for Baxter Healthcare Corporation, getting completely lucky, that I landed the job that was really, really interesting.. And, like, I faint at the sight of blood and I was in the renal division doing dialysis machines, which is absolutely the worst possible thing.. But I got over it.. My first interview at Baxter - they flew me out there - I walk into a lab and there is literally a jug of bovine blood there.. And I walk out of the room immediately, I kind of collect myself and I hear the guy who is taking around introducing me: 'Well, this is from Stanford....

uh Warren?'.. I didn't keel over, I just went in the hallway and collected and then I walked right in, and it was okay.. But - uncertainty.. So the question that popped up, or the tension that popped up, is this whole tension between chance and planning.. Or luck and planning.. Or whatever it might be.. I did not plan when I started my Stanford career to go to Illinois six years later with my girlfriend.. I did not plan to get into the medical device design business.. I did not plan, there are a lot of things I didn't plan, but this was a huge decision point of my life and yet, I was leaving at all up to chance.. And I'm assuming, well, okay - I'm just - truth, candor: I'm anally retentive..

I like planning, I like organizing, like, when I got my freshmen book, whatever they call it at Stanford, I was planning out about my major, even though I didn't really know what I wanted.. And every then year, what courses do I - how do I get my GREs? How do I do this? Whatever.. I was planning, and then suddenly I'm uprooted and thrust into Illinois.. Or back to there, I guess that was somewhat comfortable.. But, again, it's all about luck versus, or chance versus, planning.. And again, there is nothing that says one is right or one is wrong.. But this whole notion that you can take a very organized and planned life, and suddenly uproot it, and hope that something is going to come out of it that's actually valuable is a very interesting one.. So, I ended up not getting a PhD, I ended up working in industry.. And in working in the industry I learned a lot about business - as much as they let me out of the lab.. But from there, I applied to business school and, because I knew somewhere in the back of my head actually I had to have - some notion of business would be a good thing..

So I applied to the GSB.. And I was fortunate enough to get in here.. And one of my first classes in the GSB was organizational behavior.. And here I'm, an engineering student taking organizational behavior.. We're learning about people? What's with this? I mean, gosh, there is accounting and there is cash flow analysis and there is entrepreneurship, there's lots of things that we could be doing that's more important than organizational behavior.. And I guess this might be one of things that's been pounded down, but of course people is the foundation of business, and I already talked about that as tension number one, between team and market, or whatever, that team is so important.. But the culture of your company is absolutely pivotal.. And here I was at the first quarter, or was it a semester? Whatever: at business school, and learning about organizational behavior and really not having appropriate context for it.. But it was a very interesting experience to get the most important class right up front.. And the story I guess that I'll tell around that is one going back to - or going forward, fast forwarding to Thuuz because right now, as we think about culture, we're struggling with: how do you put a culture into a company? What should that culture be? And how is it different from other cultures that are out there and what we want to actually end up doing? And one of the interesting things about our company that differs from Facebook or other companies that are started by younger individuals is we're an old company..

We got guys like me that are there.. So, it was founded by - a few 40 year-olds there.. And the question is, like, what happens when we start diversifying this population because, A, diversity is key for us not having groupthink and getting more ideas and having - just all sorts of things as you guys know.. But how do we attract folks that are out of college that want to, I don't know, work from 11 in the morning to 1 in the morning? And how did they put up with the fact that we have kids and we actually work from this time to this time and we want to go home and have dinner with them and then we want to work on a PC at home? It's something actually, this is a real uncertainty, it's a real tension.. But it's not something we could plan out.. Again, chance would have it that we started a company when we were not 20 years-old.. And then the other question that occurred to us is, like, are we going to be advantaged because we've got all this experience or we are going to be disadvantaged because we actually already know some things we shouldn't do and it's actually that childlike curiosity and I don't mean that pejoratively, that allows you to do things that other simply won't do.. Are we going to be just too planned and perfect, again, not to take that to an extent, but planned and perfect and we're going to miss the cool opportunities whereas those who were more youthful will just, yeah, I'm going to do that.. If I think about Napster, I mean Napster got in a ton of trouble for what they did, but it was the start of a revolution in the home music business, pretty amazing what they did, and a lot of the things they did because they didn't know better, they didn't know otherwise.. So, there is a tension there..

Again, there is no right answers, there is no wrong answer, but we're getting more and more younger individuals into the company and it's absolutely fantastic because that is a skill set that we need, but we've to think about culture, how do you bridge a culture when, again, there is different work habits and different work styles, again, no answer, I'm not coming with that, but obviously I guess underpinning all of this is there isn't absolutely no doubt that having this diversity within the company is going to make us absolutely a much stronger organization.. Anyway, so, that came from the GSB in terms of organizational behavior being right in front of us, another class that we took there, how many have heard of Touchy-Feely at the GSB.. This is a very fuzzy class.. Do you guys still use the term "fuzzy"? Yeah, good.. Not, truly out of it.. And what Touchy-Feely really taught us is that there is a lot of intuition that comes into what we do.. And again, as an entrepreneur, intuition is absolutely paramount.. In your engineering classes, you're dealing with a lot of fact, the intuitive part is absolutely critical for an entrepreneur.. And again, this is not going to be any surprise to you, but we value intuition as in a venture capital firm, we value intuition at a startup company.. There is very little facts going, but that's just - that underpins what's going on there..

While I was in the GSB, I started a company and company was called Angara Database Systems, a buddy of mine was still getting his PhD even after I had gone to Illinois, come back, gone to business school and he had this technology and this actually just presents the age-old tension of, is it a product that matters or is it the problem that matters.. And this was a classic case of a solution looking for a problem to solve.. And again, luck played a huge role in this business because we started this business in 1996 and you might recall, 1996 was just about this time that the Internet was taking off.. And Netscape had gone public in '95 and people were just trying to figure out what this Yahoo and Infoseek and Excite stuff were, but we started a database company, which had nothing to do with the Internet.. But again, in terms of uncertainty, we had no idea what problem we're going to solve, all we knew is that this guy did his PhD dissertation on this particular type of database and that perhaps we could help out somebody else in the enterprise space.. Ultimately, the company pivoted, and went forward as a marketing information system for internet companies basically doing real-time marketing.. So, again, keeping your eyes open to those problems that are good for your solution makes a lot of sense.. But I would say that starting with the problem is usually a much more helpful thing to do, but again you're surrounded by great solutions here.. And so, being able to exploit a solution is obviously that perhaps is - it has the least friction in terms of taking into the next level.. With Thuuz, it was all about identifying the problem and my problem is very personal, I just didn't have the time anymore to spend three-hours sitting in front of a game that wasn't very interesting because I'd turned on the Bears against the 49ers, my two favorite teams and an hour in I was like, wow, this should be a great game, but it wasn't and then my mind wandered and I was like, okay, how could somebody have told me this was a great game without blowing the ending, and then I started thinking, oh, I can look at these statistics and this and this and this, and next thing you know, we started a company..

So, that was the problem looking for a solution, with Angara was the opposite way around, but again luck caught up with us and we got to pivot right into the Internet space, which was a great place to go.. So, I'll fast-forward to DFJ.. DFJ was a phenomenal experience, I joined the firm in '97 and of course, again, the Internet was just taking off, so we had all this, you know, the wind behind our sales, we're focused on the Internet, that's a whole bunch of very interesting companies while we

were there and one of the things, the tenets, that we told our entrepreneurs is that you have to be focused, you got to be focused because there is too much to do, you don't have enough resources, you got to get things done, you got to be focused.. But in the same breadth DFJ's mantra is you got to change the world.. And again, it's a very interesting tension because between changing the world and focus is a lot of room.. And if you're going to change the world, how can you be focused, because you can be so focused, you become irrelevant.. On the other hand, well, vice-versa.. And so, it's a very interesting tension, if you ask DFJ folks, they'll lead with change the world because venture capitals want that incredible homerun hit, they want the by dues of the world, then the Skype's of the world, and the Hotmails of the world, so be in their portfolio.. And that's - those are "change the world" opportunities.. But as an entrepreneur, you need to focus..

And there is tension there because you've got on, the one hand, somebody is saying change the world, on the other hand, a lot of people are saying, if you don't focus you're not getting anywhere, you got to start somewhere, you got to get a beachhead, you got to expanding the beachhead.. So, you'll get advice from both sides of the table there.. And again, it's uncertain.. There is no firm answer in terms of how you're supposed to approach this, in a way, what you're supposed to do is juggle both, which makes life as an entrepreneur very difficult, but we never told you it's going to be easy.. At Thuuz, we're actually doing the two prong strategy.. We have our own consumer apps that you can get on in the app store and the marketplace.. So, go ahead and do that, after my talk.. But we also have partnerships that we're building with the industry incumbents.. We're actually working with folks like ESPN and CBS and Comcast and Dish and T-Mobile and Sprint and these big behemoths, and they are through their channels, we can create a very large company that has impact for their customer-base.. But also at the same time, we need to learn about our customers and do some things that we have control over and that leads us to developing our own applications and building up our own customer base, not in competition with each other, but just because there's this tension between focus and doing something that's huge and really big..

And you need both and this is very - I mean were stretched, there is no doubt we're making tradeoffs here that others might not make and again, there is no right decision and people will give you advice on one side or other side, but you just have to realize you're going to be faced with this uncertainty.. The other element where there is no right answer is speed versus patience.. When I - while I was at DFJ, back to company called Xfire, which is a social network for gamers, and this was - the company was founded by and run by a guy who was a phenomenal entrepreneur named Mike Cassidy.. And Mike gives a great talk and you might have seen it about speed, speed is everything.. And when Mike talks, you listen.. I mean he has done it before.. He has had four successful companies.. So, you might as well listen to him, I listen to him.. And speed is absolutely paramount in what we do and everybody - there're many reasons for speed, but all the same.. There is an element of patience that is required in entrepreneurship that is really, really important because if we're just in control of our own destiny, we could do speed up to the hilt, if it was just our mobile apps, if it was just our connected TV app, it was just us..

We can go really fast.. So, when it comes down to it if you're going to work with partners and your partners are going to help propel you into something bigger, you need to have patience because these guys are not going to be moving very fast.. And so, again, between what is obviously great advice, which is speed, there is this counterpoint of patience, which you need to keep in the back of your head and it's going to be - this is a tension that kills us because when you're talking to these partners, they do the darnedest things.. They make decisions that you just can't believe that they're making and they switch up staff left and right talking to one person one day and the next person next day, and there is a rift the next day, and re-org the next day.. That's okay.. It just happens.. You've to understand, there is a lot of patience that goes into what you're doing.. Things just don't happen as fast as you always think.. Another great tension that we learned from investing internationally at DFJ is global versus local and this comes up a lot here.. And I think this is actually captured in that saying that you need to think globally and act locally..

I got to be careful if I say that the wrong way.. We - it's a global economy.. There is no doubt that whether - what's going to happen with the U.S.. economy or the European economy or whatever.. It's going to happen.. It's going to happen beyond your control.. But in the final analysis, it's all about the global economy, which is critical, what's happening in Asia, what's happening in Africa, what's happening in Europe and the U.S, you have to be prepared for what's going on.. But at the same time, getting back to the focus, you need to realize that you've got to think locally because if you're going to expand your business into some of these regions, you have to know what's going on in those regions.. In fact, just the other night we had a call with the Royal Challengers of Bangalore in the IPL, Indian Premier League Cricket, and cricket is one of the sports that we covered, it's a great sport.. It's not one that I know very well, but huge following and IPL has got a great following and I guess the Royal Challengers have a great following as well..

We're talking to them about how we integrate our service with theirs and one guy very astutely on the call says, well, I looked at your app and it's all, it's kind of focused on U.S.. sports and you have U.S.. service providers and all the stuff, yep, yep, we admit it we're guilty, but the focus part of our business is we don't even know where to begin with when it comes to India.. But the global - thinking globally and thinking big part says, we need to be involved with cricket, we need to be involved with rugby, we need to be involved with international football, the real football.. And if we're going to get into India, if we're going to get into China, into Japan, Korea, Germany, Britain, whatever, we need to have partners there who help us out because it's a very complex landscape.. But we have to be thinking about heading into that direction because that's an important part of our future, and so we're laying the seeds now for our ability to execute on the international landscape, and hopefully, the Royal Challengers will take us up on their offer and help us into India.. And hopefully, we'll get a call from Bayern Munich to get ourselves into Germany.. And from an EPL team to get us into Britain.. We'll see how these things play

out, but we've to have some patience.. So, finally, I'm at Thuuz..

As I mentioned, we - the idea came a couple of years ago.. We really started full-time, for now everything else aside a year ago.. And there were some tensions as I've already mentioned that we're addressing and I'll just - I'll give you a few extra ones that as kind of a bonus and then wrap up and go to Q&A.. One of the first things we've to do is compensate people for the work even when we're working part-time.. And that brought up cash versus equity.. And all of us at first were on equity, but what we did was something that I throw out you as a proposal because I'm not sure how often this has been done, but we created an economy in our company where cash and equity were fungible.. And basically when we raised seed money for our company, we priced the round and we basically said, it's - whatever, \$0.10 per share for this.. And when individuals invested in our company, they invested at \$0.10 per share.. And when somebody did work for us, we simply could convert that either a dollar amount or a share amount and it just didn't matter to us, because some of the folks that were working part-time for our company needed cash and some of the folks that were working for our company wanted equity.. And we wanted to accommodate both without creating attention..

So, we created this economy within the company, it forced us to price our seed round and it's very popular these days to do a convertible and I won't get into all the details, but to basically bring money in that would convert into around that would be priced later.. We decided not to do that, so we could create this economy and I'll just throw out that.. This experiment I believe worked very well because those of us who wanted equity, we're all in for equity and those who want cash, no problem, and you could take out cash and get equity, you could put in cash, right, take out, okay, well, anyway, you could go back and forth.. But this was a very interesting decision that we made for fund raising.. Number two, from Thuuz, valuation, how do you set a valuation for your company when there is not much there? And of course that's an art rather than a science, but the point that I'm going to just push out here in the next minute is it's very attractive to have a high valuation, and value your company at something that you can go on boast about or at least internally feel like, hey, we got this high valuation.. We actually set out to get the lowest valuation we could.. That's not exactly correct because we didn't want to just give away the company.. But we - and this is going to really sound weird perhaps, we really want to make our investors money.. And as a consequence, we don't want to raise money at a super high valuation.. We want to make sure that the valuation that we set on our company is low enough so that we give our investors the maximum chance of making money in the venture, which of course we want to give ourselves the maximum chance of making money in the venture and if you want to raise a subsequent round of financing, in your prior round just priced too high, it becomes more difficult..

So we strove to raise as little money as we could at as low a valuation as we could.. And we're now just - just now going out for our first institution round of financing and it seems to be playing out well, because we're not getting pushed back in terms of where our prior round valuation was.. So something to think about.. You can brag a lot about high valuations, but they - you want the right valuation.. You got to balance dilution; you got to balance getting your next round.. And finally, well I guess the final point I've already brought up is do you care or not care about your investors? Do you care or not care about your venture capitalist? And this is, I guess, it's an obvious one coming from somebody who was formally a venture capitalist.. But I have seen on many occasions an entrepreneur very, very thankful for the money that comes in from the venture capital backers, but then forgetting the fact that the venture capitalist has their own goals and desires in terms of making money and making money fast.. And it's something to think about; they're a stakeholder, your employees are stakeholders, your customers, your partners, they're all stakeholders, you got to balance all these things in incredible uncertainty and it's very difficult to do.. But it's - I guess, I'll implore you that as you build your business forward, don't lose sight of any of these stakeholders and take on the challenge of balancing all these different uncertainties.. There are no answers, but ultimately you make really good decisions because you will be able to justify and based on how your decisions impact all the different stakeholders..

Not easy, but I think a lot of you're going into entrepreneurship and you realize that in the final analysis, you are living in uncertainty and you're just going to have to deal with it.. So that's the story as I run it down and I'd be very happy to take questions on any element of this talk.. For me, the name of your company, Thuuz, is an amazing sound.. Is it the initial of your founders or what is it? So Thuuz which is spelled Th - oh the question, where does Thuuz come from and where does the name derive from? So Thuuz, which is spelled T-H-U-U-Z and I have to explain that and that's really easy to explain.. The URL was available, believe it or not.. Five letters long and you can kind of look at it fanatically, kind of, but it's basically a short for enthusiasm or enthusiast.. In fact, when we were thinking about the company, we were saying ourselves there are sports fanatics out there, and the sports fanatics are already watching.. If they're 49ers fanatic, you're going to be watching the 49ers; we're not going to tell you anything new.. But it's the enthusiast, it's the person that loves a great game, but isn't necessarily always tuned in, and that's the person we are appealing to.. It's kind of like the 95% that we're appealing to, so it's all about enthusiasm..

So you dabbled in entrepreneurship and then you went off and you were a VC for more than a decade where you dealt with a lot of entrepreneurs.. And now you done an unusual thing which is going back and being an entrepreneur, right? And, I won't even say back, because this is really your first big venture as an entrepreneur.. Have there been any really big surprises to you after being around entrepreneurs for so long? Have there been some big surprises now that you are actually in the driver's seat? Yes.. So the question was, are there big surprises now that I'm entrepreneur rather than a venture capitalist? And I guess, in a way I was prepared for surprise because again uncertainty, surprise et cetera.. And in fact, I guess, I will make a couple of points here.. There are couple of absolute - and then I'll answer your question, hopefully - there are couple of absolute notions, like - so I just talked a lot about uncertainty, but I think there are some absolutes here and things I wasn't

surprised about.. The number one thing is it's really hard work and there is no letting up.. There is nothing - as a venture capitalist, there are so many things to do and there are so many ways you can add value to a company.. You can't possibly do it all, so therefore you just pick and choose and it's actually comforting to know that you can't do everything and your companies are still managed, no go-forward, whether you help or not and you help - that you help as much as you can.. As an entrepreneur, your company is moving forward only in so far as you're doing something..

And it is really hard work and so that's obviously it's - that's a - that's an absolute.. Another absolute is prioritization.. There is too little time, you got to prioritize - you got to be absolutely brutal when prioritizing.. Another absolute is passion.. And this is the thing that I think I'm most surprised about is how much - how passionate I'm about what I'm doing right now.. And it's not that I wasn't passionate about the portfolio companies that I was backing, I loved these companies, but they were - and so they weren't my own, I mean, they were - I had a part of them and I love them in their own way.. But what I'm doing now is just, it's really, it's part of me and I'm overjoyed that the folks that have come and joined our venture, I'm tickled that they've joined this venture because they joined this passion and it's really cool when they take it on and I can let them fly and I hear them talk about it.. It's really great and so there is not - the buzz that you get as an entrepreneur is phenomenal.. And of course the highs and the lows are huge, the swings.. And I have to be honest when you're first starting out a company, even - we've been at it again for a year or two depending on how you count, there haven't been too many lows..

We're - we'll brace for that.. I mean, sure something will happen and I would say early days are great because you're just clicking along.. It's - if you're growing from 1,000 users to 10,000 to 100,000, you can do it.. Somewhere the tension comes into play where things go wrong, you lose a partner, something at your - your service goes down at the worst possible moment, whatever, and you'll hit those lows and those lows will be super-low.. We don't have a portfolio as an entrepreneur.. You don't have, if - as a VC, if one of my company was doing poorly and other company was doing great that was always the case.. And so, you could balance that out.. The other thing that's interesting - again, I'm being very candid and open.. The moment that we took in money and started this business full-time, I started dreaming.. And, I don't mean like, I'm dreaming of how - I mean, like, I started remembering my dreams..

I go to sleep, I wake up in the morning, and said, I had a dream.. I even remember the first time I had it - that I - I'm sorry.. I don't remember the last time I remembered a dream.. And, I was just thinking to myself, my brain is actually working differently.. Now, my brain was working constantly.. I guess I was able to kind of compartmentalize things or shut things down as a venture capitalist but - or maybe there was too much to think about because there were 10 companies that I was thinking about.. Here it's one company and it's like, again, this guy is going to sell his house and I've got this deliverable and I've got - it's more stressful.. There is no doubt about that.. But it's fun stressful.. It's kind of X Games stressful..

We're on the halfpipe and it's cool.. So, there is a couple of nuances there.. Yes? You talk about being very passionate.. And, I know you've had a lot of different school experiences.. Was there any course or major that really helped sparking this passion that you have now? So, the question is, are there any courses or other experiences that helped to spark and promote this passion? That's a really interesting question.. And, it's interesting because I'm so far removed, if you will, for my undergraduate years to think specifically about the impact.. You know it's interesting, I guess, in telling the story everything has had an impact on where I'm today.. And it is a bad answer so I will try to get a better answer in just a moment.. And, there were so much luck and chance and uncertainty again that led - I never planned on starting a company; it just kind of happened to me.. And, in fact as I mentioned, when we started the company we were all part-time..

And, we didn't know is this company going to be real or is it not? How big could it be? Is it venture fundable or is it not? And you kind of - you almost have to be stoic and just go with that.. It kind of carries you along.. But, specific classes or courses or experience, I think one thing I look back on is my dad loves sports and he would force me to watch the Bears and the Bulls and the Blackhawks and University of Michigan, his alma mater, and I guess that was important.. Everything really is.. I guess I'm not going to come up with a great answer for you.. I mean, really there is a lot of classes - oh, one example, this is going to be really out of left field.. Obviously, a lot of classes are terrific.. One class that was so surprisingly interesting was my accounting class in business school.. You go into accounting you think, okay, you've got debits and credits, you've got a balance sheet, the income statement cash flow, or whatever; it just is what it is.. You plug it into Microsoft Excel..

Well, the professor of this class took a completely different tack on accounting.. And, it was all about the subjectivity of accounting, the way to look at numbers in different ways to inform or even mislead.. And so, we spent the entire quarter looking through balance sheets and income statements and annual reports of companies and determining who is hiding what and where were they hiding it.. And, then understanding at the end of the day that these things we thought are absolutes, like numbers and you know there is cash and - are not absolute whatsoever.. So, I guess it's a good answer given that I just talked about uncertainty.. But, it just showed how intuitive business is, how interpretative business is.. And, if Fortune 500 companies - if General Electric can be interpretative with its annual report, think of how interpretative you can be with a start-up company.. That was a very cool class.. And, again, not to discredit any other class; it's very interesting.. One more question..

Okay, one more question.. Who gets to be the final question? Yes.. Maybe they are related.. I'm interested if you think that passion, like a real interest in the business that you want to start, can make you myopic at all and if you went back to your undergraduate cohorts because they were all either somewhere between enthusiastic to passionate about sports.. And, do you

seek to find people who really don't share an interest in sports so they can round you in some other...? Right.. It's a - that's a great question.. The question was can your passion blind you to where you should go? Do you seek out others who are not as passionate perhaps to help around out the team? And, this gets back to my point about diversity.. I mean there are so many different axes of diversity and actually one of them is the axes of dispassionate about sports.. And, I would say I would absolutely want the folks to be passionate about Thuz.. But, the - Dan, my third co-founder, is dispassionate about sports..

He is the - yeah, he is the - he was at Pandora for many years.. He loves music, and he went from music to sports.. He went from a passion of his to a whatever.. And, I thought kind of in my mind this is really cool.. Now, I also thought in my mind, ooh, is this is going to work out.. But, I really did think that this would be really cool because I wanted somebody who would look at our business and not get caught up in the hype and not get caught up in the emotion.. And so, it was great to have one of the three initial founders have this kind of dispassion.. And, he is our user experience guy.. So, he is always about how do we make this easy, intuitive, logical, beautiful, whatever and he doesn't get caught up in hey, Stanford has got to be color cardinal and North Carolina baby blue or else, this - he is like no, no.. It's got to be simple..

It's got to - and I think it's wonderful.. And, again, along all sorts of dimensions we need to get people thinking differently.. And, one of the - so one of these days I'm going to have to actually manage somebody; I mean, I've hired in people who are incredibly capable and it scares me to death that I'm actually going to have to manage them.. VCs don't manage for sure.. And, as an entrepreneur, as a CEO, I'm going to be called to task at some point in time.. But, right now, it's wonderful having these people just be able to go off, do their thing and because they're all different, they're going to be able to come together, provide perspective, reach consensus, and then go off and do their thing again.. But, we need that - yeah, we need people who are not quite as passionate and it's a great question.. So, thank you...