URL: https://stvp.stanford.edu/clips/entrepreneurship-in-the-cloud

In the age of the lean start-up, one of the greatest advents a fledgeling company can take advantage of is cloud computing. Both viable and cost-effective, paying only for back-end, readymade services as needed, young companies are able to grow faster without the pressure of raising additional dollars to launch, observes Marc Andreessen, technologist and serial entrepreneur. Andreessen goes on to comment and rate the current cloud computing services available.

Transcript

Virtually all - this has been very striking.. Virtually all of the startups that we see that are building some kind of Internet service, whether it's a Web service or a mobile application or even consumer electronics we saw.. We're seeing startups recently that are building for example different kinds of fitness devices, this new consumer electronics model.. And it's got an online service component to it.. So there's a website that aggregates all the data.. Virtually all of these companies are building on cloud services.. And in particular today, interestingly, most of them are building on AWS.. AWS is like 96% or something and then Rackspace is in there.. And then every once in a while you'll see somebody who is on.. I don't think we've seen anybody on Google..

Google has a thing called App Engine.. I don't think we've seen anybody building on that yet.. And we haven't seen anybody building on Microsoft's new thing.. So Amazon right now is just doing a great job in that market.. And this is another factor that's changing the economics of these businesses a lot.. It's a really big deal.. These companies otherwise - five years ago these new services companies would have to raise a lot more money a lot quicker because they'd have to buy a lot of servers and a lot of networking gear and have their own data center and they'd have to buy a lot of storage.. There is a lot of capital costs involved in building a Web service.. Even back when Facebook started in 2004 and 2005, Facebook today owns a very large number of servers which cost a lot of money.. The folks who are running on AWS are completely sidestepping that upfront capital cost..

And so their initial fund raise is much lower than it would otherwise have to be.. And then it's much easier to scale at least for the first few years.. There is a question of whether ultimately you'll have to jump onto your own servers if you get big enough whether AWS or one of those cloud services can scale to the really huge services.. But a very large number of entrepreneurs are making that bet.. And furthermore a lot of entrepreneurs that are running older Internet businesses that had to do all their own backhand, they didn't have AWS available at that time.. A lot of them will now tell you, "If I were to do it over again, I would definitely not do it the way we did it.. I would definitely do it all in the cloud." I mean that has just been a huge change and absolutely fundamental...