

URL: <https://stvp.stanford.edu/clips/from-funding-to-product-launch>

Align Technology CEO Thomas Prescott discusses the financing history of the company from its inception to initial product launch. Prescott points out a historical difference indicative of the roaring 1990's - namely, \$280 million in financing before the company turned a profit. Today, virtual product models and increased pressure on profitability would make this heavy financial front-loading difficult to achieve.



Transcript

Early in '97 Zia and Kelsey were at Stanford Business School, getting their master's, their MBAs.. And they thought there had to be a better way.. They came up with this idea.. They actually got a little bit of seed money.. The company was formed in April of 1997.. It was followed by a pretty good-sized A round of financing in the summer.. And they went ripping off on solving problems, imagining technologies and starting to think about how they could actually bring a product like this to market.. The product actually came to market.. And the first product was shipped in August of '99.. There was a lot that happened between then, including several financing..

All in before we made a profit, the company raised \$280 million.. Now, do you think that's likely today? They're shaking, "No way." There is much more pressure on companies with very big ideas that require a lot of capital to enable them.. And so, virtual models, you've had some great speakers in here talking about virtual models and different ways to do this.. Very few companies are going to have the capability to raise those kinds of dollars.. I don't know if you could have done what these guys did in today's environment with the axis to capital that was back then versus what it is today.. But that said, they did a fabulous job at that.. They had a first-class group of folks here, many from Stanford computational labs, some of the same DNA that went into some of these great companies in the Valley.. And they were solving enormously difficult 3-D geometry problems and manufacturing technology problems and with all the dog years of work that you can imagine went into that...