

URL: <https://stvp.stanford.edu/blog/videos/winning-a-crowded-market>

After growing and leading the team that developed WebEx, Eric Yuan left his role as Corporate Vice President of Engineering at Cisco in 2011 to found Zoom Video Communications. Santiago Subotovsky, a general partner at Emergence Capital, led his firm's investment in Zoom. In this conversation with Stanford lecturer Ravi Belani, they discuss what drove Zoom and how they built the confidence to launch this new company into an already crowded video conferencing market.



## Transcript

- [Female presenter] Who you are defines how you build.. 00:00:05,616 (upbeat music) Ravi Welcome everybody to the next session 00:00:10,180 of Stanford's Entrepreneurial Thought Leader seminar.. Welcome the Stanford community and welcome to the broader public via YouTube.. I'm Ravi Belani, a lecture in the Department of Management Science and Engineering at Stanford and also the director of Alchemists and Accelerator for Enterprise Startups.. And, this is presented, the Entrepreneurial Thought Leader series, is presented by STVP.. The entrepreneurship center in Stanford's School of Engineering and BASES the Businesses Association of Stanford Entrepreneurial Students.. Seldom, I think if ever, have I been able to say that tonight's or today's talk would not be possible without our two speakers.. Because literally, we're coming to you on the platform that was created and funded by our speakers.. And I don't think that there is another product in 2020 that has become such a ubiquitous part of our lives as Zoom.. And so, we are incredibly honored for the time of Eric Yuan and Santi Subotovsky who have joined us..

Eric Yuan was one of the first 20 hires and VP of Engineering at the video conferencing startup Webex, which he joined in 1997.. Webex was then acquired a decade later by Cisco in 2007, where Eric became the VP of Engineering.. He then left Cisco in 2011 to launch Zoom, which I know we're all familiar with, but is now valued at \$150 billion publicly and is one of the most valuable companies in the world.. Santi Subotovsky is a general partner at Emergence Capital and he led the firm's investment in Zoom.. Santi holds an MBA from the Stanford of the East, from Harvard and a BS in Economics from St.. Andrew's University in Argentina.. Santi is not only prescient investor but he's also a founder at heart.. Having founded AXG, a SaaS e-learning company in Argentina before his days as a venture capitalist.. And he's also a founding board member of Puente Labs, an organization that helps founders of high potential growth companies in Latin America scale their businesses globally.. So, please welcome me, please welcome Eric and Santi (Ravi claps) to ETL..

Eric and Santi, lots of virtual love for you guys.. Gang, I want to start off because I know that everybody knows Zoom now and it feels like a forgone forgone conclusion that Zoom is the phenomenon that it is.. But back in 2011, that was not necessarily clear.. And in fact, this is a story that even though it feels like it came out of nowhere, the reality is, is that, Eric, you started Zoom in 2011.. You started Webex or you were part of one of the first 20 people at Webex in 1997.. And so really, this started 23 years before today to get to this moment of where you're at today.. And, I want to start then from those early days of starting Zoom, because, even though, few people I think realize it, but at the time starting another video, web conferencing company in 2011 was like the classic thing not to do.. And it was sort of the classic lesson of what a venture capitalist would not fund.. You had, Cisco had Webex, Microsoft had acquired Skype.. Google had Hangouts, prominent VC funds had funded companies like BlueJeans Network..

And there was consumer offerings like Facebook Live coming and it was an intensely crowded space.. And so, I want to start from that moment in 2011, when you're in this intensely crowded space, what was your intention when you started? Was the intention just to build another great product or did you have a vision that was fundamentally different, where you wanted to, were you thinking about more than just a video product? - Yeah, so Ravi, first of all, 00:03:51,741 thank you so much for having me.. And I think that, you just described the problem back then, right? I mean, market saturation back in 2011.. That's one of the key reasons when I talk with friends or investors, they say, "Wow, there's no way for you to pull it off.. It's so crowded, there're so many other companies." But the way I look at it is, you've got to understand one thing is, when you try to build something, why do you build that? It's not for your investors, for your friends.. It's for end user.. Because I spent a lot of

time talking with every friend, everyone I know.. And, no matter which solution they were using back then, I always asked them, "Do you like that a solution?" I did not see a single user told me that, I really enjoy this and that.. None.. Then I realized, "Wow, if that's case, "I might have a chance if I can build something better, "At least I can survive, right?" That's the reason why I dared to start..

And, yeah, that's how I started so.. - Well, and I love that because 00:04:59,880 there is this mantra these days that don't go after what's called red ocean waters that are shark-infested.. Go after the blue ocean waters where nobody is there.. And I love the fact that Zoom emerged from a red ocean market.. And so, this question is for all the founders that are in spaces where the VCs are saying, "That's an intensely crowded space or, "If you make that feature, "What would prevent Google or Microsoft "Just from copying you?" How do you know if in fact you should listen to yourself and not to the VCs.. It sounds like it's, you listen to your users.. And specifically, when you listened to your users, was there a threshold in your mind about what you were looking for to know that this was not just good, but a great opportunity? Is it just if the users say, did you measure that in any way or was it more just a feeling? - You're so right.. 00:05:46,196 I think two things, first of all, you are so right.. Listen to end user, that's number one.. Number two, in terms of size of opportunity of the market, that's really hard, right? I do not think we have a formula to say, "Hey, this is big..

"That is small." Quite often, take Uber from example, when it started everyone thought, "That's a small niche market." It turned out a huge market, right? I think when Google started there already have Yahoo, right? I think, you start from listening to end user plus, I think that sometimes, in terms of opportunity, when you start, you do not know how big it is, right? However, in the future, might be bigger and bigger.. I think as long as you can have a solution and plus you have a vision you can build something better than others and essentially deliver a unique value for some of the users, at least you can survive, right? Do not always think about, "Hey, I have to enter into a market is a huge market." It's not like that and for every business, I think.. - So you didn't go in having this vision 00:06:52,320 that this was going to be the \$150 billion phenomenon, that it is.. - You didn't need that-- 00:07:05,640 By the way, last week I just had our user conference, that's what I learned from NVIDIA CEO, co-founder Jensen Huang, right? Don't look at the score, focus on the game, right? So, don't look at the big potential market.. Think about how you can survive, keep serving your customers.. Along the way, you might find other opportunity.. So start with, always start from very, very small.. I think, Santi knows that, always talk about in our board meeting, how we can survive as a company? How we can survive? We never think about the big things, so.. - I love that, 00:07:41,570 that idea of focusing just on survival and focusing on, thinking about what could kill you and then just how, and chasing that.. I want to get that really clear though, so, for you people because, if people are in situations where, in that market where everybody is telling you, "We don't need another video conferencing "Technology platform." Was there a practice that you used to center yourself to focus on? Did you use like a dashboard of saying, "I'm just gonna be focusing on this metric "And that's what I'm going to, "Sense my sense of confidence in." Is just if we're performing on this one or two, these two metrics or did you use something else to center your attention and focus on..

To zone out all the other naysayers that were giving you all this other feedback? - I think for now, for sure, we have, 00:08:29,160 I think a list of the very important metrics.. In terms of usage, financial metric, a lot.. But early on and when we started Zoom.. There is no any metrics.. The only metric that I have is, when I talk with the user, "How do you like Zoom?" When a paid user canceled the service, I would send them a personal email, "Why did you cancel our service? "What we can do differently, right?" Sometimes when the user, "Oh, I canceled because I'm not going to travel next month.. "I may not use it.. "I do like your service.. "I will come back." When we got more and more feedback like that, I feel like we are onto the right direction.. It's hard.. I do not know, we doomed..

There's no way for us to measure that, so.. - So you didn't use a net promoter score 00:09:11,520 or some other equivalent score.. You just, every time somebody said "No." That's what you focused on, is why you said, why did you leave? - No, I think four years, maybe five years after we launched 00:09:23,640 after we started the company, back in 2015 or 16.. We do use NPS score.. But prior to that, I think, we really do not have anything to measure that.. - And you didn't have a North Star metric then, 00:09:36,020 it was just this ethic of just focusing on the users.. Okay.. - Yup.. 00:09:39,350 - I love your story, Eric, even more so because 00:09:42,560 you didn't not only started Zoom in a crowded market, you also overcame and maybe that wasn't even, you weren't conscious about it, but that you had all these elements that are fears that prevent other students from becoming founders.. In the sense that you were an, you had an engineering background, you had never been a CEO before..

You, also were in your forties with a very lucrative job at the time.. And you convinced your family that, I'm going to go jump this lucrative job and start something.. You were an immigrant and some founders have this sense that, if they can't speak, English is not their first language, that's a liability.. And so I know we're not gonna have enough time to go through all of that.. But I want to start with the first thing which is the engineering, as an engineer, was that at all in your mind, did you view that as an asset or a liability starting Zoom as the CEO having been a VP of Engineering for the last two decades? - For sure it's not a liability.. 00:10:32,950 And, so, when you start something you need to build a product, right? If you have engineering background at least you know how to build something, right? Also at the same time, if you have a business partner, like co-founder, to help you, to accompany you, that'd be great.. Or, if you also have interest, right? About the business model, or sales, or good marketing.. Even do not need have a co-founder, right? I think, again, you have engineering background is always a good thing.. I -- - It's always a good thing.. 00:11:03,460 So I just want that message-- - It's always a good thing..

00:11:04,620 - To get clear, yeah.. 00:11:10,840 when you started? And what I'm wondering is, are you still involved deeply on the engineering side today as you were, when you began? - That's a great question.. 00:11:17,790 Interestingly enough, if you asked this question nine months ago I would have a different answer for now.. I think today, the way I live every day, exactly the same as 2011.. Sleep , eat, Zoom, that's it.. For now Zoom is more like a developer Zoom.. For now is more like I'm using Zoom, right? So for the first three years sleep, eat and develop a product, that's it? Nothing else.. But now almost something similar, so.. - But right now, how much of your time 00:11:47,130 is spent on engineering in Zoom and how much of it is it spent on business? - I think probably around 00:11:55,070 20 or 25% on engineering now and 75% on something else.. But used to be 80% or 85% on engineering..

- Was on engineering.. 00:12:05,240 And so, for the engineers that are going to become CEOs for the first time, do you have any practical tips or key pieces of advice that have been really helpful for you as you now are shifting more of your time on the business side and less on the engineering side that you wish you knew earlier? - I think if you have engineering background 00:12:24,570 and you want to start a company, Santi is your call.. For sure, he would like to fund you, right? So, (Ravi laughs) a lot of VCs like a Santi, they like to fund new, support those entrepreneurs with engineering background.. Again, I think to have engineering background is great.. Is a plus.. I think the only thing is, you've got to think about, do you like sales or marketing or other things.. You do? That's fine, do it by yourself.. If you do not like that, find a co-founder you really trust, you can work together well.. I think is something similar to a lot of other startup companies in the Silicon Valley.. You have a two to three co-founders..

I think you can start, again, don't worry about like good market, business model or sales, marketing.. You can always learn.. Because, you have time, right? Get a book to learn.. Silicon Valley, there's so many great VCs, great entrepreneurs, successful leaders.. They can help you out.. - Don't worry about it.. 00:13:27,380 Nobody is very well prepared when they start something.. You always start from one thing.. It's good enough.. - I think that's great advice..

00:13:36,050 Everybody has certain trade-offs, gang.. So, everybody has this feeling that they're not complete but that is normal.. You just have to know what you don't like and get that handled in in some way.. And Eric, I understand that also you sometimes bring around a stack of books when you're working in different spots, or maybe pre-COVID, and you hand these books out to employees and others.. Are there, if you had to hand out any books to the aspiring founders, especially maybe the former engineers who are going to become CEOs, are there any books that you would recommend they read? - For sure, I think at Zoom the one thing is 00:14:12,620 we always reimburse any books you buy for yourself, for your family, because this is our company mantra.. To promote employees and reading a book.. I think at Zoom, trust is everything.. If no trust, then no speed.. I think the favorite book for Zoom is The Speed of Trust.. The author is Stephen Covey..

I think this is great book.. However, there's a lot of other books, right? Like, The Hardest Thing About Hard Things, there's a lot of great book, I think any book can help you.. - That's great.. 00:14:48,670 One more question Eric then I'm going to move to Santi, which is on, when you left, you were making a lot of money as the VP of Engineering at Webex.. You had, you have three kids, you have a wife, you have a lucrative job, you're managing 800 people.. You have all this prestige.. How did you convince your wife and your family and also yourself to take the leap? - So, yeah, you are so right, actually.. 00:15:19,530 Time flies, I still remember the moment.. Cisco is a great company and being a corporate vice president, they pay you very well.. I think it's very, I never tried to convince myself..

I knew that's my dream.. Cause I live in Silicon Valley.. I call it a startup valley.. I knew someday I will start a company.. I think back then, that's the best time.. But to convince your family member like in my wife, you are so right, it's not that easy.. I still remember what my wife told me, that, "What? "You have a great a job at a Cisco, right? "And they pay you very well.. "You want to start over from the ground up, "To build something." She had all kinds of questions, no way for me to have a good answer.. (Ravi laughs) So, but again, you've got to trust your feeling and, yeah, I was already 41 years old at that time.. I also told her, "If I want to try, this is the only time..

"Otherwise soon, I may not have enough energy, right?" So, and yeah, anyway, that's the how I started.. It's not that straight forward but you've got to move forward, even if you cannot convince others.. - Okay.. 00:16:28,210 I'm going to move to Santi now.. And Santi, I want to ask you about what you saw.. Obviously, I think Zoom, obviously, is something that took off.. And we'll talk about that in a second.. But, I think another common thread between Eric and you is that you're both immigrants.. You both were born and raised in countries outside the United States and you came to the US.. And Santi, so, gang, I know Santi personally and Santi is actually the first Latin VC that I think I ever knew..

And I don't know if Santi you are the first Latin VC, maybe the first GP at a major fund, but, and you can correct me if I'm wrong, but if that's the case, can you share a bit about that path and that journey into venture capital? What was it like coming as a Latin person into venture capital on the early in the, how did that adventure and what was that path like? - Yeah.. 00:17:19,840 First of all, thank you for having me.. It's always great whenever I'm chatting with Eric or you Ravi just makes my day, I get a lot of energy.. So I appreciate you having me here.. And there are other Latin VCs out there that are doing really well.. For me, it wasn't straightforward.. And I tell people, when Eric started Zoom, a lot of people told him, "VC video conference, "There's no room for another video conferencing company." They told me the same thing when I moved here 10 years ago.. I remember I had Excel spreadsheet where I was tracking all the VCs that I was talking to.. I had 77 VCs that I was talking to.. And, the majority, very well known VCs, would tell me that there were no Latinos in venture..

So, again, VC is not for you.. You should go and try something else.. It's like, go look for a different job.. And that made me scratch my head.. It's like, what is it? Is it that we don't have the gene or something that's going to prevent us from getting into venture.. And I actually got a lot of energy from that because it made me work harder to prove that that I could do it.. It's like if you have an obsession with something, that irrational passion that Eric had when he wanted to solve this problem that's, you need to keep on trying.. And eventually you're going to find the people who believe, not in your skills, but believe in you.. And I had those people in my life who believed in me and give me that opportunity.. And I'm totally grateful for that..

Another, I mean, Alex Mendez from Storm Ventures, he was the first one to give me a job in venture.. He said, "We don't have a job, "But we'll allow you to stop by and learn." And thanks to that offer, I was able to learn and get into this.. So, again, I like when people tell me it can't be done because it just makes me work harder.. - Well, I think that is like 00:19:21,800 the canonical experience of entrepreneurship is, when the external world is telling you something but you have some internal conviction and you have to choose or you have to decide which one you listen to and knowing when to listen to the outside and when to not listen to the outside and to to beat your drum even louder to make sure that it's being heard.. And I think that gets to the essence of it.. Can you speak to then how, when Eric came to you for Zoom, and you can speak to where he was at at that journey.. I don't know if you were courting him or if he was courting you, but one, (Ravi laughs) but if you, either way, how did you succeed in that pursuit? How did you win, because if you want, you can speak to how intensely competitive the market was and why, and or how was Zoom able to get its financing? Because I think there are some students that are asking that question, "How do you get your first investors?" Santi I don't think was the first, but even Santi later, how did you then, when getting into Zoom, if it was on the rise? - Yeah.. 00:20:24,387 I'll tell my side of the story and then I'd love to hear Eric's take but, I courted him.. And I courted him because, I was one of those frustrated users.. 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 going to 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 the journey of Zoom.. And I remember testing it with my aunt in Argentina.. She didn't speak English.. 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 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 partnered with Eric because I connected with him.. And, I could see myself working with him for a very long time and becoming great friends.. - And what made Eric stand out? 00:22:29,670 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.. 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.. - Yeah.. 00:22:48,460 - What was it about Eric that's made him great 00:22:49,470 and not just good.. Whereas the other founders may seem good and not great.. - Yeah, I don't think there's a one size fits all..

00:22:57,460 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'd found out the elevator never worked.. And that's why he wanted to guide me into the right office.. 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 TechCrunch to write about me.. It wasn't about, I want to get the highest valuation.. It was, there's a problem here that I need to fix and I'm not going to 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 going to 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 smaller or if you're big but if you're passionate and obsessed with addressing that problem and that end customer, then you're going to run through walls.. You're going to make things happen.. And like Eric, 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, it's once in a lifetime.. Yeah.. - That's great.. 00:24:45,940 And Eric, can you comment on how, what it's like to be an entrepreneur, right now, at your stage? 'Cause it's rare for us to get a CEO founder who's at this stage, in terms of, Santi was saying how you're still working hard hours.. I know Eric doesn't like to think about the money, but Zoom's valued at \$150 billion.. You're one of the wealthier people in the world now.. You have more, you don't

need to work, but what is a day in your life like? Like, how many hours do you work every day? Is it a stressful life? Is it less fun now than it was at the beginning? Or is it more fun now than it was at the beginning? - I think that given that 00:25:23,750 in the audience, a lot of them are Stanford.. So last week, and we held our annual user conference, Zoomtopia.. I invited the co-founder and CEO of NVIDIA, Jensen Huang, right? I had similar questions.. This is what told me that, as a scapegoat, right? I loved my work..

I love the purpose of my work.. I enjoy working hard.. Remember, he started a company back in 1993.. Look at what he did, look at what NVIDIA change entire industry, right? I think he is our role model.. Having said that, I think there're so many great other entrepreneurs, right? They all want to work hard because they really enjoy working hard.. They feel like this is a great opportunity, right? To help, to make the world a better place.. Otherwise, fast forward 20 or 30 years later, when you look back you will say, "Oh, I regret.. "I had all energy back then.. "I did not do the right thing." Right? I think if you enjoy building up something, enjoy the work, you do not feel tired, right? Anything else is secondary how you can build something to help the world? I think that's where I think the sustainable and you might be enjoying doing that.. - And is it, 00:26:45,630 when has it been the most enjoyable at Zoom? Is there a certain phase of Zoom in the last nine years that was the most enjoyable? - Every day, the same..

00:26:53,673 - Everyday the same.. 00:26:56,235 And how many hours are you working every day? - It's really depends, right? 00:27:00,310 Back in April and March, I had a more sleepless night than any time in my career.. I think every day is different.. I think a big day back in April, I had a total of 19 Zoom meetings.. And I do not think that is work, seriously, I really don't think that's work.. I actually enjoy that.. You think that's my life, this is work.. I do not see any difference.. - But Eric, you not only built an amazing product 00:27:28,050 but you also built an amazing product during this tsunami of a time in the world when COVID hit.. And so, in March and in April, when COVID was becoming, it was clear that this was going to become the new normal and this pandemic was spreading..

Can you tell us what it was like inside of Zoom at that time or what it was like to be the CEO? - As I mentioned, right? 00:27:50,160 I had more sleepless night, right? It's not that easy.. On the one hand, every employee at Zoom, we were very excited.. It feel like many years of how hard work, finally is very well paid off.. Even my kids the school, they can use Zoom for online classes.. Your neighbor can talk about it and use Zoom for like happy hour, for online yoga class.. So we were very excited from that perspective.. Also at the same time, guess what? You have to work harder, right? Because the users came from all over the world, you have added capacity, you got to embrace a lot of new use cases, in the privacy chat.. And for consumers, there are very different user base and plus you need to make sure your internal process is not broken, right? And, it's not that easy behind the scenes.. But good news, our investment on the company culture and value, in this critical time, looking back, I think this is something I think we, I feel very proud.. - Yeah..

00:28:54,100 They all worked very hard.. We all want to leverage this opportunity.. To help Zoom to become a better company and it will help people stay connected.. - That's great.. 00:29:05,266 I'm going to turn to the student.. So I've been asking some questions but I'm going to go explicitly to the student questions.. The most popular question right now is people want to know how you think Zoom will be affected when we finally get through COVID and the world starts to come back to normal.. Is that something that you think about and any thoughts on that? - We do because, first of all, 00:29:27,693 I hope, hopefully, this crisis can be over very soon.. It's not easy.. We all work from home for such a long time, mental health, depression..

I think even after the pandemic crisis is over, I truly believe, the hybrid in the work place will be the future, right? So meaning, even if we all go back to office to work we're likely, we probably send employees back to home one day or two days a week.. I think the way for us to leverage tools like Zoom will stay.. I'm not seeing the usage like today, right? However, the tools like this will help as long as we think about, what we can innovate? Whether we can embrace new use cases.. That's okay.. We do not worry about, "Oh, users might decline." That's not important for us.. - That's interesting.. 00:30:15,950 So you're not measuring based on whether or not users are going to decline or not.. And then what are you measuring? Is it just-- - We, again, our goal is to truly deliver happiness 00:30:26,380 to our customers, right? Because, customers send us feedback.. Take this online class from the universities, a lot of them are using Zoom.. And think about how they share the feedback..

Can you have this feature, that a feature.. Then we think about, maybe we should have a different user interface, right? And also a lot of Zoom hosts say, like online yoga class teacher.. What can we do to have those people more, host more, meaning.. We can add the payment feature embedded into Zoom.. And also can have those meeting hosts to publish their events, right? I think a lot of things can be done in order on to serve those users well, that's our focus.. - And is there a dashboard now that, 00:31:10,827 is there is there a North Star metric that's guiding you.. 'Cause this is, in some sense, a chaotic time as well.. Even when you were starting, it was intensely competitive and you had to zone things out.. Now, it's also sort of crazy in a different way.. Is there a compass of a dashboard or a metric? And I know, it is the users, but is there something specifically that you use to measure or to track your progress against? - I think on financial front, we do have some metrics 00:31:36,900 'cause we are a public company, right? We need to report back..

To Santi, to the board, to Wall street, that's very important.. But behind the scene, I really do not like, it's a metrics driven company, right? (Eric mumbles) there's new innovation.. Recall the thing about, one metrics maybe the NPR score, that's

really important, right? Another metrics, what we can do is spend more time with customers, with users.. Listen to their feedback, come back, work as hard as we can to come up with the solution ahead of any of other vendors, right? That's the most important metrics.. With that, you will have a lot of ideas coming from your employees.. If you spend more time to interact with your users.. - That's great.. 00:32:22,900 We have a question from one of the students.. Andrew wants to know, what are strategies to deal with competitors backed like by massive companies, like Alphabet? You now have a big target on your back from the big trillion dollar companies.. How do you compete? - No strategy..

00:32:38,910 (Ravi laughs) Why do you look at competitors? I can mention many times.. If I look at competitors, I even do not dare to start Zoom.. If I look at competitor everyday, I cannot asleep.. There's already so many things that are keeping me up in the night.. If I always look at a competitor, seriously, I even cannot sleep well.. Spend more time talking with your customer and users.. That's the key, don't think about competitors.. What if your competitor, they are making mistake? Are you going to copy what they're doing? (Ravi laughs) Like, plus, a lot of big competitors.. that's not their focus either, right? Again, if you always look at competitors that's another reason why so many smart people that they cannot start something.. Look at end user, look at costumer and look at all your customers or partners..

Don't look at competitors.. - I think that's great.. 00:33:31,330 Yeah, and you know, we do live in this TechCrunch culture where we glorify these trillion dollar companies and these huge raises and these huge valuations.. But we don't spend enough time, oftentimes, talking about the struggles that are part of the unicorn journey.. And there's a question here about that, that question about becoming a unicorn.. But, is there, can you guys share a hard time or a hard situation that you were wrestling with.. Whatever you can share publicly and how you got through that in the journey of building Zoom? - Yeah, Santi feel free to chime in.. 00:34:08,210 I think over the past several years, from time to time, we always struggling on many things, on many fronts.. Early on as a I mentioned, right? It's really hard, to raise capital.. Like, that's a problem for us, that's a struggle..

And second thing, how to have a team, right? Startup is a long journey.. How can you make sure everyone, they are patient, right? To keep delivering happiness to customers is also we had to convince those , especially for the young employees, right? I think that different time and have different struggles.. Again, even recently I also have all kinds of, I think, the things we need to worry, right? But you enjoy that, so that's okay.. - Like, I can talk about another struggle 00:35:01,290 that I had with Zoom.. And I ended up learning a lot with Eric.. In this like Silicon Valley, where everyone's starting companies, there's always this expectation that as you grow the company you're going to be hiring different executives from other companies who've done this, been there, they have the credibility.. And that seems to be the playbook.. You start a company in the enterprise sector.. You want to hire people from Salesforce.. You want to hire people from BOLT..

You want to hire people from ServiceNow.. And, and I came in with that mindset into Zoom and Eric taught me that there's another way to build great companies.. And the way Zoom built an incredible team is by bringing in people who worked incredibly hard and who were passionate like Eric was when he started the company.. They were not doing it for the title, for a very long time, we didn't have C-level executives at zoom.. They were all held off, even until the company went public.. It was like the head of marketing and Janine, was running everything.. She would have been like a CMO at any other company but she didn't care about that.. She cared about Zoom.. And Eric gave, the right people, the right opportunity.. And these people delivered incredibly well..

And they were able to grow with the company and they are still adding a lot of value.. And for me, that was a great lesson, but I struggled initially because I felt that everyone else was hiring the who's who and we were not.. But we were hiring the right people.. - Can you guys speak a little bit more to that? 00:36:39,210 Because it feels like that is something that's very unique and novel for this, for the journey and success of Zoom.. Is that both in funding Eric, it was a people-driven decision, there wasn't a and then also Eric in the culture that you've built, it's been focused, it sounds like, on the qualities of the individuals more than their resumes or their backgrounds.. And so can you speak to how, are any key tactics that you've done to create this culture where people want to work hard for you? Or, how do you identify those people that will be out performers if you can't look at their resumes and their backgrounds and what they've done in the past.. - Yeah, so Ravi, that's a good question.. 00:37:20,703 Thank you for sharing that.. That's exactly the approach in our tactics.. The reason why it's, for any startup companies, it's a long journey, right? You really cannot think about two or three or four or five years, you can achieve something..

When we started Zoom in 2011, our first sort of milestone in terms of reaching success, is ten years, right? It's a long journey, by doing that journey, if you hire someone is great background, already very successful in other company, do you think they are going to stay with you for like another 10 years? Our tactics is more like, we want to, hire those people with great potential.. They want to learn, also self-motivated.. I knew the scenario would be everyone at a Zoom, myself included.. We can grow ourselves to the next level.. We can become a better version of ourselves along with the company grows.. Guess what? Those employees, they tended to be very loyal, right? That's really important, right? Otherwise, within a long journey, four or five years later, some employees, especially successful in other companies.. For four or five years, I still do not feel anything.. They might quit.. You don't want to have those employees.. That's why, even you set up a stretch goal, right? Promote someone may or may not be ready but as long as they want to learn, I think that should be okay..

That's our philosophy.. But, anyway,-- - I think-- 00:38:47,020 - I'm not saying that is perfect, right? 00:38:49,290 So

there's also, whole other challenges.. Like suddenly, you have a pandemic crisis.. Guess what? Our leaders, myself included, all employees.. They cannot grow themselves, right? With 30 times more traffic then you probably looking back and say, "Ah, you should have hired someone "Who did that before, right?" Again, this is also a learning curve for us as well.. - Okay.. 00:39:13,040 We have a question about work-life balance.. You both have kids.. You both have amazing careers.. Eric, you were just telling us about how it's, you're working even still harder now..

Even though Zoom has had all the successes that it has.. How do you do that? And do you have to sacrifice your personal lives? And if not, what's the secret? - Santi, do you want to start? 00:39:43,410 - Yeah, I don't believe that much in work-life balance.. 00:39:45,490 I believe in loving your job.. And if you love your job, then everything is more fluid.. I'm working like Saturdays, Sundays, at night, during the day.. Now I get to see my kids a lot because I'm at home, and I never think about I'm going to work from nine to five and then see my kids.. I love doing what I do.. I love doing this.. I love working with the entrepreneurs.. I love helping them build their companies and sharing what we've seen in the past..

So, I feel that if I need to start thinking about work-life balance, something that I'm doing is wrong.. I'm not doing the job that I should be doing.. - Yeah, I think I Santi is right on.. 00:40:27,710 That's why I say, Ravi, you see that Santi and I have great chemistry, right? When I was young, I also had similar questions.. Every time when I talk with other leaders or maybe my mentors, I always asked, "How do you balance your work life?" Finally, I realized, as long as I think about a balance, that's the wrong direction.. There's no way to balance between work and life.. You've got to find your passion, the work is life, life is work.. You've got to enjoy that.. Then, if there's a conflict between the work and your family and life, guess what? Family first, that's it.. So that's also, we talk about a lot at Zoom, right? You've got to enjoy what you're doing..

Do not think balance.. If there's conflict, always focus on your family, that's a priority.. - Yeah, I think that's a great way of looking at it.. 00:41:19,760 I think also if you, following your passion, it's energizing and you're better to everybody around you when you're energized as well.. Terrific.. We have a question here around, for Santi, around barriers to being a Latin VC due to stigma or prejudice.. Do you feel like there's prejudice or stigma and where is it from? If it does exist? - I do think it still exists.. 00:41:46,490 Initially, it bothered me a lot but there's a lot that I can't control.. So now I don't even pay attention to that.. I remember at first people were inviting me to like football games and not my football..

That's like a different football.. That's the American football, my football is soccer.. And I was like, "Okay, this is not my thing." But I felt that I had to go, now, I just don't do that.. I am who I am and I embrace who I am.. And to be honest, I feel that I was lucky to meet Eric and be part of this story because of my different background.. After we invested, I tried to introduce Eric to other VCs.. They wouldn't even take the meeting, because again, it's video conference, it's like it's done.. But I could see that.. So I believe that we all need to embrace who we are and those differences are going to make us better and happier.. And then what you can't control, just let go..

It's like, the competition question.. It's like, why focus on the competition? Why focus on what people are saying? Just focus on what you can control.. - And so is your advice, 00:42:58,730 if somebody else is facing discrimination or stigma, to try to convince those people that are giving him or her the discrimination to convince them that they're wrong or just to let them go and find the ones that listen.. - So discrimination comes at different levels.. 00:43:14,400 So it depends on what type of discrimination people are going through.. But in my case, when people told me, "Latinos can't get into venture, they don't do that." I just found the people who believed that it doesn't matter if you're from Latin America, from Europe, from Asia.. It's like they get to know you as a person and they get past the accent and you find those people.. And I found those people and there are a lot of people.. Silicon Valley is so diverse.. You have people from all over the world..

So just find the people that you want to hang out with.. - Eric, did you have any fear about stigma as, 00:43:51,760 with English as your second language? I actually know a lot of students and founders that actually have that as a real fear and they don't start a company or become CEO because they think that their English is not as good as a native born English speaker.. Was that at all in your mind or is that even a concern that people should think about? - Not at all, no feared it at all.. 00:44:12,530 Because, what Santi cited right now, there are so many good people, good entrepreneurs, leaders in Silicon Valley.. I think nobody's perfect.. Everyone has strengths and weakness, right? And why you needed to have so many fears, right? Focus on your strengths, right? And focus on passion and fear will not help you anything, right? It's just, know your weakness.. Have a plan to improve and enjoy that.. I think this, let's move through it.. If you're perfect, you are not going to have courage, right? To do a lot of things, right? That's one of the reasons you've got to work harder to keep improving to become a better version of yourself.. Fear will not help..

- I love this lesson.. 00:44:53,930 And just putting attention on purpose and passion.. We're going to end gang with just any final comments that you want to share to yourselves when you were 20 years old.. So, if you took yourself back to when you were 20, is there any advice that you would want to have imparted to your 20-year old self? - Yeah, so Santi if you don't mind, maybe I can start.. 00:45:14,080 I think the two things if I can tell the 20 version of myself is, ideally, I should know the purpose of life earlier.. The earlier I understood the purpose of life, the better, for many things.. Otherwise, looking back, I just wasted a lot of time, energy on a lot of things.. Looking back that are stupid and this is the first thing.. The second thing is, as long as you have a dream, right? I think that, just do it, right? Nike's mantra, Just Do It.. I think this is very important..

And, even if you are not ready, just do it.. You can learn a lot on that journey.. - Thank you, Eric.. 00:45:59,760 Santi? -

Two things as well for me.. 00:46:02,770 One of them is, I would have spent more time with my parents.. Both of them passed away when I was young.. And, I think I took them for granted growing up.. So, that's what I encourage people to do, is spend time with their family because you never know what's going to happen.. And the second thing I would have moved to Silicon Valley earlier without taking so many detours.. And I ended up getting here, as one of those journeys you don't know where you're going to go..

But had I known Silicon Valley existed, I should have moved here earlier.. Because this is where I find the people that just inspire me to learn.. And every day I learn something new.. And when I learn, my kids know it, they feel that I'm energized.. So, after this call, I'm going to be, like having dinner with them and I'm going to be like super excited and they'll know that I had a great call.. That's great.. - Well, thank you both.. 00:47:00,740 I think we all had a great call.. I think we're all energized.. So thank you Eric..

Thank you, Santi.. On behalf of STVP, the students and the public YouTube community.. Thank you.. (Ravi claps) There's lots of virtual Zoom love for you guys but everybody's on mute right now so you won't be able to feel it, but thank you guys.. That was great.. - Thank you Ravi.. 00:47:20,472 Thank you for having us.. Thank you.. - Thank you.. 00:47:24,721 (upbeat music)..