

**Des Traynor:** [00:00:00] right now a lot of value is going straight into the infra, like as in we're handing it all at the back door to open AI we actually torture test all of the LLMs. It's not yet the case that they're all equal. I'd be wary of Amazon. so like I could see Amazon just like flat up like buying Anthropic and being like, let's just make this part of the EC2 cluster

I think Apple will make massive, massive strides forward with AI. I feel like barred. Unfortunately felt like we have to release this because chat GPT was getting a lot of traction, they need to have that jay z like allow me to reintroduce myself moment,

**Harry Stebbings Intro:** This is 20 VC. The memo with me, Harry, Stebbings not 20 VC. The memo is the monthly show where we deep dive on one specific topic in state. You guessed it, AI, the state of alums, which incumbents win, how startups and incumbents survive when open AI does what it does. And so much more. This is one of the best shows we've done in a long, long time.

So I'm going to keep this short. Joining us is dad's trainer. Co-founder at Entercom. He's also an active angel investor, and I think he's one of the smartest and most thoughtful. And strategic people in this ecosystem. But before we dive into the [00:01:00] show today,

**Scarlett 2i2 USB-1:** We need to talk about sauna. Sauna is an AI powered, learning and knowledge sharing platform. Think of it like chat GPT for all your company's knowledge, sauna integrates with all your company's apps. In under five minutes, I can search through every single file doc. Pull requests video and more in under a hundred milliseconds assistant is generative AI at its most useful.

So you need to create a course on OKR fundamentals for your employee onboarding program. And you're short on time. Assistant can generate the outline. Um, contents from scratch complete with relevant imagery you can tweak it check it and then also assistant publish it in five other languages and assign it to all new hires in five markets they've raised over \$50 million to date from some of the best and you can request a free trial a sauna lamps.com forward slash two zero vc

You have now arrived at your destination.

**Harry Stebbings:** Des, I am so excited for this. Dude, when we did our last one, I remember it was the first one to break an hour and 15. Like, this show is

why I love doing what I do, [00:02:00] and I'd love to do it in person. So I'm thrilled

**Des Traynor:** that you're here in person. I'm happy to be here. I love London, and it's awesome to actually do this in person and see you in a three dimensional hurry.

**Harry Stebbings:** Most people are like, wow, you're actually quite old. I'm like, thank you. Yeah, age is this kind of strange thing that happens. Before we dive in, Des, what did you want to be when you were younger? When you were growing up in Ireland as a kid, what did you want to

**Des Traynor:** be? I think it was either a professional video games tester, but I kind of knew that wasn't their career, or at least definitely wasn't in the 80s.

Sports journalist. I loved soccer and I loved writing, so I really wanted to like, write about soccer. I just thought like, if I could do that, that would be like the end. Genuinely the easiest job. I used to actually do it. I used to like, I'd watch a game and I'd write down my match report and I'd get my mum to read it and she'd be like, that's very good.

But yeah, it was, I think I love soccer, watching it. And then I literally love writing as well. I'd always read all of the cover to cover every sports newspaper, everything, just trying to get a sense of what's the language, how are you supposed to talk, all that sort of stuff.

thankfully, I didn't end up doing that because I have friends who are sports journalists, and it doesn't pay as well as I thought it might. You know

**Harry Stebbings:** what? It's better to do software. But Intercom, just for those that don't know, how did it come to be?

It actually

**Des Traynor:** started life inside a different product, We had a [00:03:00] different product called Exceptional, wanted to talk to our customers. So the logo for Exceptional sat in the bottom right hand corner of the product. And one day it had a little speech bubble that came out of it and was like, Hey, probably something like, Hey, we're sorry that we fell over or the server wasn't working last weekend or something like that.

That was a much better workflow to have that bubble pop than the old world. The old world, if you, some of you viewers might be old enough to remember, you'd send out the mail to say like, Hey, you know, here's some pre announced downtime, or more likely some apologizing for some downtime we didn't know was coming.

And then you get a shitload of replies in your personal email. It was crap. And then with Intercom, it was like, one day, it was like, why don't we just talk inside the product? another sort of inspiration for us was we were working out of a coffee shop called 3FE in Dublin at the time. And the dude who was building 3FE, this new recurring software business, recurring subscription business, if you like, like where you'd be selling coffee every day to the same people.

He was talking to people. He was, you know, Hey, I've got a new blend in. Do you want to try it out or like, Hey, is your latte nice or whatever? He was getting a real time in context feedback, but [00:04:00] for us, we were felt really like divorced from our users.

in our heads were like, we're sitting here in Dublin, Ireland. They're all in San Francisco. It was a single street in San Francisco. We had more customers than we did in all of Ireland. But what we realized pretty quickly was It wasn't a unique problem to us because we were in Dublin.

Everyone who runs software businesses wanted to have that personal connection. So we started to like iterate on this idea of like maybe users should be able to talk back. Maybe you should choose who you send a message to. that ultimately became what we call like the customer communication platform Intercom. today we call it like an AI first. Customer service platform because it's kind of been 10 years and we've matured our thinking a lot. But yeah, that's how it started.

**Harry Stebbings:** I mean, it also has to be AI first, right?

**Des Traynor:** yeah, you'd be an idiot not to be. Why would you not be doing that? I'm sure coffee shops are AI first too as well.

**Harry Stebbings:** How do you feel about everyone being like AI first? Let me see it as a media company. Obviously every single kind of large scale up and growth company is like. AI first. Yeah. And then I'm throwing on, and you actually tweeted that.

Brilliant. Yeah, yeah. Picture

**Des Traynor:** of like, yeah, we're [00:05:00] gonna end up talking about AI for a while now. So I just start off, I think it's largely bullshit if the basic tech stack hasn't actually changed that much. let's say you're project management. What is project management? It's like tasks, deadlines, files, approvals, decisions, communication, whatever.

It's not like really obvious to me that AI is going to Take away a lot of that. 'cause like you're planning out projects and like oftentimes these are like things that really have to happen. Whether it's like you're building a house or you're, you are managing a rebrand for a client or something like that.

There's a lot of like human decision and judgment made. It's not obvious to me where the AI kicks in on, so if you're like an AI first version of Basecamp, I still think that looks like Basecamp. And maybe they just find areas to sprinkle in AI to speed up little bits and pieces here and there Maybe.

I think there's, if you take, say, the area of customer support, everything about customer support is gonna be affected by AI. For example, summarizing an issue is a very common workflow that has to happen. Replying to a customer based on the fact you found in a knowledge base is a very common thing that has to happen.

Consolidating different articles to give a conclusive answer to [00:06:00] something. Being conversational. These are all things that AI can do. So I think if you were to build a customer support solution today, you'd build it. Totally different than, say, when Zendesk was started in 2007 or 2008 or whatever, like, I think the world of, like, ticketing and structure and state and, like, you know, we'll get back to in 72 hours and all that, that's all gone.

To your question about AI, I just think it's bullshit when actually the job is identical and you're just sprinkling on, like, salt and pepper a bit of AI here and there. And I think it's true when it's like, shit, we need to reimagine this entire space. Can

**Harry Stebbings:** I push back and just say that do you think not You know if you think about like an asana or a monday.

com or whatever they could actually connect to your google mail accounts your calendars and actually Create a huge amount of tasks or be more proactive in terms of how you spend your time Or actually be part of the creation of your to

do list, which is much more than Just like a sprinkler. Think it's so foundational that it could actually be that instrumental to almost

**Des Traynor:** everything. I think that's true. And when that happens, I'll support them saying it's AI first. But that hasn't happened yet. Right now, we're firmly [00:07:00] into, like, salt and pepper category, in my opinion. But you are correct, like, if the job of, like, You know, managing a project involves like reading email, checking tasks, looking at GitHub commits to see if something got approved or not, checking off tasks and corresponding with a calendar and seeing when things are, using all that information to take action or to request action, then yeah, if somebody builds like the project megabot that can do all that, I will celebrate them, I'll invest in their company, I'll, I'll call them like an AI first project management solution.

we're not there

**Harry Stebbings:** yet. you mentioned Zendesk there, in terms of like, it's difficult to integrate when you have the stack that is like theirs. Intercom's is not like theirs, but you're not starting from nothing to the day where you have a complete clean slate. Is it not still really freaking hard for you

**Des Traynor:** then?

One area where we have been fortunate is we were all in on messaging from the very start. That's where chatbots live. the idea of a chatbot is actually the intersection of two megatrends.

AI and it's messaging. That's what makes a chatbot. So I think we were In a very fortuitous position to have a complete sort of CS platform and have as our core mode of interaction, actual [00:08:00] messaging back and forth,

so I think we were, we were in pole position to do it. There wasn't a substantial rebuild our first AI product was built in 2016 called Resolution Bot. bots kind of went through different eras. If I remember

**Harry Stebbings:** 2016 exactly, I was in the valley and anyone wanted for a month.

**Des Traynor:** Precisely. Yeah. And Facebook had their big demo of, you know, and all that. we basically went from like a. Bots that were just literally if this, then that logic, you know, very IV or a style bots. Like if Harry says one, then we take them down path one, right? The next generation of bots were like what

I would call like fuzzy AI, which is like, we're going to take Harry's message and if it looks like he's asking about pricing, we'll give him the pricing answer, right?

And that generally had broader coverage because it was an attempt to be conversational, but actually a lot of times just pissed people off because the fuzzy logic wasn't good enough. And you still have to go and build all of these, if this, then that rules, you just had the magic AI inferred piece where we are today is like generationally different, which is the LLM era, which is we know what Harry's talking about, and we can infer it, and we can actually work out the specific question and find a precise answer.

So I think that's the sort of era [00:09:00] that we're living in today, and so

**Harry Stebbings:** you know, I think a

lot of investors discredit a lot of companies today and say, well, they're just actually kind of thin layers on top of LLMs, and actually there's very little value accrual in that space.

Yeah, yeah. really what makes them different, not many people are creating their own LLMs, so 90 percent are sitting on top, or 99 percent are sitting on top. And respectfully, are you not just sitting on top and what makes it value accrual there is the data that we have from Intercom's existing

**Des Traynor:** historical?

there's a few different ways to come at that.

**Harry Stebbings:** Is that a bullshit VC ism oh, it's a thin layer on top, so it's not very valuable?

**Des Traynor:** there's a big difference between a feature and a product. if you wanted to say, build a chatbot that does customer support, That's pretty easy to build. It's like half a day's worth of work. And you're sitting and you're wholly dependent on OpenAI or Anthropic or whoever it is, you could go for it. There's a massive difference between that and say something that like a large company would actually deploy to its customers, which, you know, ingests knowledge bases, requests, refreshes, reports on itself, reports on customer satisfaction, you know, can parse multiple conversations, can understand customer context and feed that in, knows the difference between a premium [00:10:00] user and a free

user and gives context to our answers, whatever, like there's a wave upon wave of extra stuff you have to build in.

Like that's before we get to like permissioning, controlling and targeting and making sure that some users don't see bots and some users only see bots and like all of that is like the extra stuff you have to build to turn what's like a thin, how would you say, like science fair tech demo into an actual fully commercialized product.

to the VC argument of like a thin wrapper, I think if it is a thin wrapper, it's a bullshit argument. But if you take, say, like, some people are building on top of, say, DALI or something like that, right? Literally, it depends. You can build a Canva style product on top of DALI, where you've got, like, digital asset management, you've got controlled and approved images, you've got workflows that support all that, you've got embed functions, or you can build the thin wrapper.

And there's just a massive difference between those two. There's also such a thing, I guess, as a very thick wrapper. And the thick wrapper is, is like when you've actually solved the user's problem end to end fully. In a way that OpenAI never will. What does that look

**Harry Stebbings:** like then? if we think about like the thick wrapper and we unpack that.

What is required to be a thick

**Des Traynor:** wrapper? I think [00:11:00] you have to solve all aspects of user's workflow. You have to fit into their tech stack and integrate where you need to integrate. You need to like solve for like, when I say all aspects of the workflow, I mean like. In like the hypothetical like dolly wrapper, like you need to solve, feedback on various images, and maybe there's a bit of collaboration on the client side where they want to discuss things.

Maybe there's an approval workflow and then you're into like asset management after that. And then maybe there's hosting, maybe there's embedding, all that sort of stuff. And then there's a reporting on usage. you know, if it's a marketing product, maybe like, does it correlate or like, does it test well with like conversions or does it not convert when we use it or whatever?

Like that to me is like all of the shit that you would want around a tool if you're going to say like, this is Canva, but AI first, if you know what I mean. And I

think if somebody goes and builds all that and makes it make sense, the dude around the corner who's got like the thin wrapper, like he's got a lot of shit to build.

you're then back into, I would call like maybe the classic B2B arms race, maybe, those who really understand the user workflow are the ones who will actually win this, not those who kind of like, straighten their glasses and say, academically, that's been possible for seven months [00:12:00] now.

It's like, great mate. But like, people actually need to buy real software and use it for real things.

**Harry Stebbings:** I think the hard thing for me is, like, given the horizontal application of, like, what a lot of OpenAI is doing and enables to, when you look at the releases that they made the other day, there are a lot of applications, to be fair, like, I don't know, prosumer wealth management.

Mm hmm. Yeah? You would never have thought, like, oh, OpenAI is going to build a deep set of tools for them. Well, actually, like, a lot of their changes meant that... Most of those companies that have been innovating in the last year have just been killed

**Des Traynor:** overnight. I think that's probably true, but what I would say is, again, go back to the sin wrapper, thick wrapper, like, if what you've built is, like, the wealth management advisor bot, Yeah, you're dead, right?

Like, as in, it's going to be like an actual, one of the GPT's, that's just going to be available, right? If instead you've built something that, you know, connects to your eToro, connects to your bank account, monitors your wealth, your exposure, you know, issues you case by case, advice, monitors the markets for you, like, again, thick wrapper, like, does the actual things you have to do to manage somebody's wealth, and can have a conversation with you about, like, and suggest actions and next best steps.

That's still, I would say, substantially [00:13:00] beyond, like, what OpenAI would ever do. You have to bear in mind, like, a parallel here might be, like, look at what iOS ships with, right? It ships with a basic notes app. If you want a really fancy one, off you go. And you can go and buy Reflector, Bear, or something like that.

Like, it ships with a basic camera. If you want PhotoRoom, you have to go and buy PhotoRoom. OpenAI will hit some sort of minimum viable, like, kind of,



what's good enough for everyone. You're never going to make money filling in the gaps in a platform, the thing they haven't gotten around to yet.

Like, I describe that as, like... It's like you're on a train tracks picking up, you know, euros or dollar coins or whatever. There's a train coming. It's going to hit you at some stage. It doesn't matter how rich you get, that thing's hitting you, right? However, I think if you find an area where they're not going to go that deep, OpenAI is never going to put like five of their engineers going hard on wealth management and like, you know, banking integrations.

So like that's the thing, like you pick an area and you say, let's do all of it. Not let's just do a little tech demo science fair. Nailed the use case, you

**Harry Stebbings:** know. when we think about kind of that train hitting you, a lot of people suggest the commoditization of LLMs.

Do you agree with that as an argument? And when we're seeing more and more upstarts [00:14:00] coming, like your mist routes from France, do you think we will see the

**Des Traynor:** commoditization of LLMs? I mean, it would suit me if we did. Why would it suit you if it did? Because then there'd be no pricing power, and then we could actually base, like, you know, we could base FIN on a far cheaper thing and it would increase margin, you know?

Like, you know, another alternative would be if there was an actual best one, but, like, the best CS, the best LLM for customer support requires hundreds of millions of customer support conversations. That would suit me too. Because we could train it uniquely. Why does Intercom

**Harry Stebbings:** not, I understand the heavy expenditure and the heavy R& D.

**Des Traynor:** I mean, you kind of just answered the question there. Like, why do we not train our own LLM? Officially, I just said, like, no comment. Like, maybe we are. But, like, you know, the reason... I love you so much, Dez. The reason, like, the reason we might not is the reasons you would suggest. And the reason we might is the reasons I just suggested a second ago.

There's a dynamic there, you know.

**Harry Stebbings:** do you think that they will continue to be commoditized? I don't

**Des Traynor:** know if it's actually happened yet, if I'm clear, right? Like, right now, it, at least, like, when we look at, like, how best to do the FIN thing, which is to, like, you know, and we see, we see staggering results for FIN.

Some people are getting, like, you know, like, [00:15:00] Very, very high percentage of total support volume resolved with satisfaction, above 50 percent at times, right? Like, So all's we care about is like, who can do Finn the best for us?

And we actually torture test all of the LLMs. It's not yet the case that they're all equal. What

**Harry Stebbings:** were your lessons from

**Des Traynor:** torture testing and all of them? so it's really important that Finn stays on topic.

So if you ask Finn, Sorry, for those that don't know, Finn is Finn is our AI chatbot that sits inside the intercom messenger and it will have Conversations with your users and help them answer the support questions so that your support team don't have to. We generally remove all of the undifferentiated heavy lifting that a support team might have to do.

it's It's a product by Intercom that uses an LLM, it uses GPT 4 by Now, when it comes to like picking the model, the requirements we have are, one is like trustworthiness. So like we need to be able to prompt it in such a way that it will not hallucinate. Knowing that that prompting will occasionally cost us a valid answer. But it's really important to our customers that all the answers Finn says are like high confidence.

A second thing is that it has to stay on topic. So we don't want Finn taking opinions [00:16:00] on current events. So if you go to like a bank website and you say, Hey, who's the president and are they doing a good job? A bank's customer support has no official policy on that and Finn better not either, right? So there's a lot of like staying on topic that is really, really important.

And then it's like just depth and power of quality of conversation. So we have a set of metrics that we kind of look at and we, and we configure and tweak our prompts and tune as much as we can to get it as good as we can. And right now we're like in with OpenAI and we sit on GPT 4. And it's against that logic I say that.

**Harry Stebbings:** And when you compared OpenAI to the alternative providers, what did the test show you?

**Des Traynor:** It's basically a quality of conversation and like, does it fail any of our like, hallucination tests? Does it fail any of our trustworthiness tests?

Can it infer its own confidence? Was it close though? Or was there a why?

I, I, Close on narrowing on like it's also a work in progress like all of these things are moving targets right we have been moving very fast in this space. Fin launched, I think, in June, A lot happened since then.

So, like, we haven't even gotten around to maybe [00:17:00] testing the latest and greatest of all the providers, which are increasing in number. You mentioned Bistral. There's also Glamour. There's Anthropic. There's like, Cohere. Like, there's like a whole chunk of them. And it's a bit of work to go around and constantly be Trying to find out has anyone got we only really care about better right now.

We're not in cost optimization mode We're just like who's got the best. Well, essentially you

**Harry Stebbings:** said there about that because Alex who I had on the show from NABLA in Paris, right? He was like the companies that win will be those that are able to transition between LLMs most seamlessly.

Yeah.

**Des Traynor:** Yeah for sure Well, I don't know if I agree with the sentence But I think it's a really important attribute to be able to transition from one LLM to another Because if somebody does unlock new power. You'll want to be able to use it very quickly. winning involves more than just simply being agnostic about your LLM.

**Harry Stebbings:** I feel more and more like kind of Joe Rogan in terms of not knowing the answer and asking quite base questions. My question to you is, can you not just use like seven different types? And what I mean by that is you're like open AI is great for the high regulatory clients that need Precise perfect answers every time but actually then Anthropic is better

**Des Traynor:** [00:18:00] for yeah all the way down to your homegrown cheapest one Or like even when in open a eyes ecosystem, you can use gbd4 turbo gbd4 gbd3.

5 turbo they cost different amounts and like they're good at they're like, yeah Some of them are faster than others, some of them are more accurate than others, so like, yeah.

**Harry Stebbings:** What's been the hardest thing about kind of the integration with

**Des Traynor:** OpenAI? The moving target, and that's not a bad thing, they move incredibly fast.

We can grow a lot of confidence in a particular direction, and then they can unlock new capabilities, and we're like, oh, I guess we should jump on this instead. That's definitely one of the challenges. We have a great partnership with them, but like, our team moves fast, but they're like... Drawing out new capabilities regularly.

So does it feel like the

**Harry Stebbings:** unnerving being moved in that way by an external

**Des Traynor:** team? I'd say more exhilarating. Like, you know, we're all in on AI, so we have to. We just have to be the best providers of AI for customer service. So it's not really an option like If and when the world stabilizes a bit like we, I suspect we're still in this S curve.

We're still in the spike. There will be a plateau eventually, right? We're Hey, most of the main problem areas being fleshed out and [00:19:00] we're starting to get a bit more sober. Now, I think that's when we can move into like a different mode of work. But for as long as like, you know, you know, our whole team watched Tuesday's dev day by opening.

I yeah. again, it was like, let's get to work, like there's new stuff here, there's new things, customers are going to have questions, we need answers, we need to have opinions, might change the road map. I don't consider it so much dependent on open AI, I consider it dependent on like, I'd say the boom time of AI that we're in full stop.

I liken what we're going through right now to like the beginning of the internet. It's very big what's happening to both our world of customer service. Technology in general and society in general, and I just think we don't have the luxury of sitting back and watching. I think if we were like a massive like government sanctioned monopoly, we could be like, let's just sit this one there for three years and see what happens.

Whereas in practice, I think this is much more like, hey, there's gonna be a lot of winners and losers and it's gonna be a lot of market share for grabs over next two to three years. And people are going to be looking for who's got the good shit. And that needs to be Intercom.

**Harry Stebbings:** I have so many questions to ask.

First one I have to ask is that you mentioned bluntly, obviously, the team watching, you [00:20:00] know, the announcements. How does the structure of the team change when you move from Intercom V1, or kind of the previous gen of Intercom, to Intercom AI first, innovation AI. Do you

**Des Traynor:** change the structure of the team?

The way we're working today still is that we have a central AI team, led by Fergal, who's our VP of AI. And, um... They work on FIN. They work on the core like question and answer model of FIN. They also work on like things like what's the best LLM to use, etc. And then they work on like what we call Horizon 2 stuff, which is like... This could be a total brick wall we run into, but we need to try it because if it's not a brick wall, we need to be the first ones to realize that.

it's very centralized and they effectively have breakthroughs and they go and partner with product teams who might own fin or might own the inbox or might own the reporting engine. And they say, Hey. We just realized, given this, we can do that. Does that seem like something your customers would use?

And they partner with the product manager, the EM, the designer, and they say, Right, here's a new capability. Like, literally, there's a new capability that did not exist before. Like, this is like literal breakthrough shit. Here it is. Can [00:21:00] you see a way to use that in your world? And most of the time, the answer is yes.

So then we're like, right, how does that rank and stack in the roadmap against everything else our customers want? that's how we've been working for quite a while. It's,

**Harry Stebbings:** How much of resources are allocated to R& D and AI

**Des Traynor:** today? R& D and Intercom is about, I, between 350 and 400 people or somewhere in that space.

And then how many are AI? I want to say like, What percent is that?

**Harry Stebbings:** I'm just intrigued. Of the company? Yeah. We're 900 people.

**Des Traynor:** Wow. Yeah. Shit. Is that shit big or small? That's big. Yeah, I mean, we're like a technology company. What was it a year ago? yeah, slightly less, we'd probably, we'd just gone through a riff, and I guess AI hadn't happened, you know?

Like, uh, AI literally, like, we're coming around to the anniversary at the time of recording, right? Like, we've always believed that, like, the best product wins, we've always invested hard in product, and then on your AI question, I said, like, it's, you know, I think, or we anticipate growing the team to maybe 50 or so.

**Harry Stebbings:** You said about being akin to the start a lot of people lost money, and a lot of the projects didn't work out. This

**Des Traynor:** is your famous tweet you're gonna defend again, isn't it? No, I'm

**Harry Stebbings:** [00:22:00] purely asking, do we think 90 percent of VC dollars going to AI startups today will go to zero?

**Des Traynor:** I think it's reasonable to assume that In this massive sea of uncertainty that we're in and, the compute being so expensive, the margins being so thin, that a higher than normal amount of these startups will die for one of the following reasons, they are the thin layer and they get wiped by an open AI upgrade.

Right. Similar to like, I remember like in the early days of the iPhone, it was like, you know, it was a torch app and it was like a copy and paste app and all these things just got slapped once iOS started shipping. Right. Like it was ago. I

guess we still see that. Yeah, it's still Sherlocking. They call it, there'll be more than that than there would be say in like ye olde B2B sass or whatever.

Right. So I think that's going to be one cause of increased fatality for startups. I think a second one will just be margin compression. The B2B SaaS model, LTV, CAC dynamics and all that sort of stuff. It does have some assumption in there of like 80 to 90 percent margins, maybe 70 to 90 percent margin is kind of what you expect if you're running like an Asana or something like that.

So if all of a sudden all your core [00:23:00] workflows. Are now powered by reasonably expensive API calls that you know it's not yours then all the money in the front door is going straight at the back door think it was like shamat at this phrase and he said in twenty eighteen twenty nineteen.

Giving a dollar to a startup was just a really lossy way of giving it true to Amazon, Facebook, or Google for, for like hosting or acquisition. It's arguable in a lot of cases, 22, 23, 24, giving a dollar to a startup is just a lossy way of giving Anthropic or whoever, you know, that's who they're basically taking it and shining it up and handing it on to.

That that's going to be a second cause of like increased startup mortality. But beyond that, I think the normal dynamics will play. And then the other piece is just in that world, like let's say an above average number of these new investments do die. I also think an above average number of existing incumbents are going to die too, their world is going to get torn apart by AI.

There's a lot of tools out there that won't make sense in a world of AI. Sorry, like what? You have to like take a slightly more future facing look for this, but let me just describe to you a tool that I know exists. I just don't want to name it because I don't want to tell my friend that their startups dead.[00:24:00]

Let's say it's an ad optimization startup, right? So you log in and it looks at all your ad words and it tells you which ones are like Performing and which ones aren't, and you can generate new ads and all that sort of stuff. And it does that across Google and LinkedIn and Facebook or whatever. And people log in every day and they generate different versions of the winners and they turn off the losers and they look for like the LTV, CAC optimum performers, and they splice those, splice those out into like variants and run tests, and they produce a dashboard to show that they're doing their job and they're maximizing the spend of the advertising.

What bit of that do you think AI can't do? if you give it one ad and you say, give me 10 versions of this. It'll do it. If you ask give me 10 versions of this with a visual, with a visual that's left aligned and a tagline that's on the right. Can you run it? Ping the API server to put it live?

Can you perhaps tell me is it performing or not? Can you sort the list by LTV/CAC? Can you calculate LTV/CAC? Can you produce versions of the winners and turn off the losers? Can you produce a dash? What's the reason to log into that product? I

**Harry Stebbings:** agree totally, but I'm just pushing back on you because if you actually have a product in that [00:25:00] space which does end to end workflow from creation to distribution to monitoring to review, is that not the whole workflow that you suggested earlier was like defensible?

But I agree with you, all of that workflow is just gone.

**Des Traynor:** That workflow is not defensible because what the humans are doing is genuinely like, automatable. Like there's no actual human intuition or deduction or whatever being applied in that case. let's say digital asset management, right?

Like the example I gave at the outset of the podcast, I was talking about like, hey, like really like brand advertising campaigns or whatever, like the assumption in that workflow is the human opinion does matter and that people actually do care about what their logo looks like or whatever, right? If they don't care and they're happy to have it picked algorithmically, yeah, that whole thing goes.

But like there are definitely going to be like, Full workflows end to end that no longer matter every step is just an, if this, then that style application of thinking, As in, it's not anyone's opinion, which is the most LTV/CAC positive ad. It's effectively likely to be of low value to have human differentiation and picking the winner or even perhaps producing the variance.[00:26:00]

maybe the greatest thing I'd say as to why there'll be a lot of startup mortality is that like, if you and me were to start this ad optimization startup today, Would it look anything like the previous tool that's built put another way if we were allowed rob any of their code would be and I think in a lot of cases where, like you'll see the full disruption, the answer is no.



You'd build the product totally different today, but then there are some cases. For example, let's say we said we're going to build MailChimp, but here's our thing, we're going to use AI for the composer, so you can just tab to complete sentences or something like that, right? What I would say to you is, OK, is there an opportunity there?

Well, here's my, here's the problem. To be in MailChimp, you need to send millions of emails. That's a massive challenge for like sender reliability, reputation. You need to be able to do attribution on which links get clicked, so you can produce reporting and all that sort of stuff. You need to do, let's say, partnerships.

You need to, like, you know, connect with, like, Squarespace and Wix and all that sort of shit. Like, uh, you need to have an embeddable subscriber widget. All that shit, right? We have to go and build all that and our little bit of AI on the composer and like that lets you complete the sentences. MailChimp [00:27:00] just needs to go and build the complete the sentences bit.

So what we'd have to believe is that we're going to build all of their stack so that we can send 500 million mails a day and all that sort of stuff in this space of time that they can't build the AI. That's the sort of calculus I think about when I think about where the advantages are. I think if you were to rebuild it today and you'd build none of what's there and everything would look totally different.

Then yeah, it's go time, right? If you actually wish you could borrow all their servers and send their reputation and all that sort of shit, then I think you're trying to add a thin layer on top of what is ultimately a surviving incumbent. we say this a lot about, let's say email startups, right?

We're going to do email, but we've got one new idea on top of email. And I'm like, that's great. So you've got five years of roadmap to get to the Gmail quality or even superhuman quality, like email. And then you can add your little feature on top. No, I love

**Harry Stebbings:** it. You spoke before to me about kind of the road to the start line.

Yeah, long road to the start, yeah. And I love that analogy. And also, when we think about adoption cycles, I think everyone gets quite excited by everything's going to change overnight. Definitely. Yeah, and this is my point, which I totally agree with you in terms of that optimization [00:28:00] engine. But when a lot of their customers are Danone and are L'Oreal in Europe.

Titans of

**Des Traynor:** technology is what you're saying. Yeah, exactly.

**Harry Stebbings:** I hear you. Yeah, what is this chap GP thing? Oh, totally. Yeah, 10 years.

**Des Traynor:** Yeah, yeah. But I agree with you. I think the nature of the role you have full time.

And I have whenever on the weekend, I decided to write an angel check is out. I can't really think about like will this be a big bang next year what I would do is I would say like if I see somebody going after an area where I think there's like a real massive chance for like investment I'd probably say I should sell my stock in the incumbent over the next two years and I should plant the seeds in this upstart today would have you towards payday in seven years even in seven years time.

The revenue streams might not have crossed. Like this thing could be like this, but still far below the other. You're betting on the future. Like it was ultimately what we are betting on when I invested in AI for a startup today. I'm betting on what the world and adoption and market [00:29:00] appetite for AI is going to be like in like at least four years.

if I try and give the fin pitch to an old school banks or insurance company, they're like, whoa, horsey, slow down. I liked the bit where you said you could handle a simple reset password, but now you're telling me it's gonna like talk to my team. You have that dynamic of like, you know, it's that old, that like Crossing the Cosmos style adoption, where some people are like.

Early adopters, some people are like open minded, some people are like laggards or whatever. We're definitely only selling to like the first 20 percent of the market at the moment. that's still a big market though. I

**Harry Stebbings:** totally agree with you. I think one thing that we're starting to see though with a lot of startups created within the last 12 to 18 months who are selling to incumbents is like experimental budget evaporation.

Yeah, yeah. And what I mean by, you know what I mean? Like essentially They've tried it with a couple of pilots. It's kind of been interesting and it kind of hasn't gone

**Des Traynor:** anywhere. Some digital transformation project that got spun up for a hundred grand or whatever. Exactly.

**Harry Stebbings:** Are we about to enter a trough where experimental budgets go to zero or go reduced again before we see the spike?

Um,

**Des Traynor:** how do you think about that? We care a lot about the ROI of [00:30:00] FIN and thankfully it's kind of self evident. Like as an example, yesterday I think OpenAI had a 45 minute outage. I think everyone got a real taste of what the world was like before you had finn cause you got the support teams been like yo world what's this new spike in volume like up finn hotel account over the human but areas where it's very Speculative and open ended. We thought it would be cool if we could run a little bit of AI to generate ideas for a workshop or whatever, right? They're definitely going to get cut to zero and somebody's going to check a box saying we're very future focused. But I think anyone who's got a product that is genuinely like delivering real value, I think those budgets are going to stick around and actually massively increase.

**Harry Stebbings:** How these budgets are spent. is depending on pricing models. We've seen obviously per seat model dominates that. I have Miles Grimshaw from benchmark and he said actually consumption model will absolutely use up and overtake it. How do we think about changing pricing models in the

**Des Traynor:** face of AI?

I think there's loads of obvious applications like our world most directly like If Fin is indeed doing like 50 [00:31:00] percent then like will the businesses buy as many seats? What we're seeing a lot is like businesses are choosing to keep the seats and keep to people and like just turn the dial on Quality so they just get really good at support in general...

Do you think that's because

**Harry Stebbings:** they want to be really good at supporters because they don't quite trust it enough yet?

**Des Traynor:** It's a good question. I mean another way of saying it will be like if in a year's time There's another market downturn. Will they still hold firm on that? But like in general, his point about like consumption pricing outpacing or

like ultimately taking the place of seed pricing, I think is going to be true. I think a lot of work is going to get handed over to LLMs over the next five years, we're going to start trying to, like, price against the work that's being done, not price against the seats or the employees, but just say, how much has it worked for you to have all of your digital assets created dynamically, or how much has it worked for you to have, like, your customers get sub second replies to common questions?

And I think we're Like that's the actual right way to think about pricing in the future. the wrong way to think about it is like, is, you know, you were selling work, we're not selling seats and we're not selling like, you know, incremental tasks completed. We're just like, [00:32:00] what does it cost to get done when somebody actually does a good job of an AI coach or personal trainer or financial advisor, the person who does it really well, we'll be able to justify pricing similar to what the human costs.

Because people have already been paying humans for this for a long, long time. people will be comfortable transferring that fee to a bot because it's 24 7, it's multilingual and they can bring the price down as they see fit as well. The fees aren't

**Harry Stebbings:** expensive, like OpenAI is not cheap. No, not at all.

It's predicated largely on the cost of compute. Yes. To be fair on that. How will we see the cost of compute change? Will it align to traditional Morse law? How do we think about that? And does this all value accrue back

**Des Traynor:** to NVIDIA? There is no tech really in history that has not gotten cheaper, there is no piece of hardware or software that hasn't ultimately been ripped off by a cheaper candidate to offer a lower prices to more of the market.

No matter what way we go, we will see a kind of a fleshing out of the spectrum. So right now, I think we've got like high end NVIDIA powering high end LLMs and we should assume on the fullness of time that they're going to like continue to produce and they're going to [00:33:00] find more market points that they can sell.

Potentially simpler, a bit more basic chipset and same with the LLMs. They'll be the fast LLM and they'll be the accurate LLM and people will make choices between them and they'll be the cheap one and the dear one and all that sort of stuff. We'll see the solution space fully explored and in that exploration, I don't

think NVIDIA in five years time will be sitting here proud as the only people who can do a GPU.

And I don't think that OpenAI will be able to like be the only people who can. Do LLMs properly, you know, there'll be winners and losers, they'll be like the best, but the best isn't necessarily the biggest market share, this is all going to be a spectrum.

And like, people are basically finding where is the most dollars to be made, right? Would you be a buyer

**Harry Stebbings:** of open AI at 90 billion?

**Des Traynor:** I know that they have a funky thing where you can only make a certain amount of return back on your investment as far as I'm aware. Like I think they have some sort of policy like after 100x you have to sell back or something like that.

Wow, I didn't know that. As a net

**Harry Stebbings:** new investor would you buy

**Des Traynor:** at 90? Yeah, it's just straight up on clean terms would I buy at 90. And I think they're doing a billion in revenue or something like that is what I've heard. I probably would buy a bit to be [00:34:00] along for the ride, but I don't think I'd be like putting millions into it it would be a small phone check for me, on the whole, I'd make the bet that they'll pass 90 in value.

I think that's doable. But

**Harry Stebbings:** you've got to see multiples on that. You need to see a 5x on that.

**Des Traynor:** Well, you need to see it. Yeah, yeah, so you need to see multiples. I don't. I'm just trying to get in fun when you're at it. Like, yeah. If I was an investor trying to like, you know, make my name, would I go all in on putting like, I don't know, 10 billion into something, or 90 or whatever?

I don't think I would, and the reason whilst I think they'll pass 90, your question was, could they go to 500 in the near term or like within the life stage of the fund, the areas I'd be wary of is Amazon. Amazon play this game well, so like I

could see Amazon just like flat up like buying Anthropic and being like, let's just make this part of the EC2 cluster and that's just a very easy route to market.

And I think if OpenAI run out of new vectors of differentiation and the commoditization starts to kick in, even for basic stuff, I think it'll just become an easier. Why would you choose Amazon? It's already in the cloud. It's already virtually private. It's, you [00:35:00] know, you can like leapfrog a lot of other adoption concerns.

So I think there are one risk. I mean, Microsoft are probably less of a risk because of the pretty close partnership they have. And then, like, I don't really know what Google has up their sleeve. I don't even know if they have sleeves at this point. But I suspect they won't be totally napping on this. It is curious.

Have you not been impressed by BOD?

I played a part a bit, I wasn't unimpressed with it. It felt like another version of a jack. You bet. I'm more underwhelmed by like their leadership in this area. Like it feels like Google who kind of owned all this at the start.

Bear in mind with the original paper on transformers. It feels like they have rescued defeat from the jaws of victory and what we saw on Tuesday of this week. from my mind was like Sam and to some degree even Satya out there. Talking from a leadership position from an authoritative position about where we are, where we're going, what's happening, what the future holds, et cetera.

I don't think we've had that yet from Google to take a leading position. I think you need to, like, do that thing where you walk out on stage and say, like, Here's our mission. Here's where we're going. Here's where the whole [00:36:00] world is like we have a big wide eyed vision. Elon Musk saying he wants to terraform Mars that leading a company in a certain direction.

You're saying here's the end goal. I feel like barred. Unfortunately felt like we have to release this because chat GPT was getting a lot of traction, it didn't feel like we've actually cracked search again. We've reinvented ourselves all over again, you know, they need to have that sort of a jay z like allow me to reintroduce myself moment, right?

Where they come back and they say like. Google 2 is here, that's what we need to have here.

**Harry Stebbings:** I totally get you, but they don't want Google 2 because the cost of doing it actually cannibalizes the core business. Well, yeah. It's Netflix and, you know.

**Des Traynor:** Now you're pulling onto the real potential problem, which is are they willing to risk it all to win it all, right?

Like, are they willing to disrupt themselves? Or are they happy to take the, like, long, slow decline into obsolescence or irrelevance or whatever, right? Versus saying, no, we're going to like take a massive hit to our own revenue and we're going to go like LLM first and the future of Google is actually going to be a Q and a style thing, even though we haven't yet worked out how we're going to monetize that.

it's a massive existential [00:37:00] risk and people have thought about

**Harry Stebbings:** I mean, it's easy to say here, but if you are CEO of Google and you have shareholders in Wall

**Des Traynor:** Street I kind of hate what I'm about to say We're gonna say it because I think it's what I it's what I would feel compelled to do I'd be scrambling to find ways that companies can sponsor injections into the LLM so I said like Who is the best footballer in the world and the answer is clearly like Lionel Messi, but you could say something like according to transfer market, the answer is Lionel Messi, right?

Like, and that's what my sponsored injection, right? And then, like, you could augment the Barrett style answer with such injections. So it's presenting you Facts that it is kind of disowning right like it's kind of saying hey like this isn't the LLM deducing this this is just what we think this is what we've been paid to say whenever we talk about this type of thing that's kind of the attack factor I'd go on and I'd try and float that with all my big ad buyers and sort of say hey look let's be honest the world is gonna go to LLMs even if this doesn't work we have to give it a lash And then I try and like get some sort of traction going for that type of ad model.

Then I explain to the investors we have to move to this because the alternative is the company basically [00:38:00] starts to be on a ticking clock, right? And I just don't

**Harry Stebbings:** know if you can move a titanic sized ship like Google in that direction so radically. Yeah, I without just tanking shareholder body, I mean, it's almost like SVB coming out saying, well, you know, we're fucked is like,

**Des Traynor:** well, I just think the idea of like, let's not talk about it is not a great strategy, right?

You know, you have to be willing to stare irrelevance in the face and choose a different path.

**Harry Stebbings:** I love that. I actually had someone on the show the other day and I said, actually, the winner will be Apple. And I was like, unpack that one for me. And they said because they own the end consumer, Google pays so much every single year to be the default browser on Apple, Apple could create their own LLM, they own the endpoint on both your iMac, whatever it is, they will be the winner because of that touchpoint with the consumer.

Do you agree?

**Des Traynor:** It depends on the winner of what. I think Apple will make massive, massive strides forward with AI. I'm kind of disappointed how long it's taken them. But

**Harry Stebbings:** this is my point, what makes you say that? Because so far we kind of left

**Des Traynor:** searching. Yeah, yeah, for sure. You have to [00:39:00] assume Apple's a really well run company.

And you have to assume that there's a head of AI in there. And you have to assume that they're training LLMs and they're looking for LLMs that can possibly run on their hardware natively. And not even have to talk to the cloud. And Apple are very privacy focused. So they're going to get all that shit correct.

And you have to assume it's all going to work with your AirPods, your watch, and your phone, and all that sort of stuff. That's like... I would be shocked if that wasn't the case. So then what will they win is the question. I think what they'll win is this idea of Siri might finally become useful. Siri is currently not useful because it doesn't really have enough smarts. But I think when Siri can be as conversational as ChatGPT and can take actions on the device, it'll change the entire interaction model across desktop and iOS as well in huge ways. So I think



Apple will win there, but that doesn't outrule OpenAI's success or Amazon's success selling Anthropic or something like that or any of the other scenarios.

I just think who owns consumer AI, it could well be Apple. And then in that world, what's interesting is we might see a new type of commoditization of like services. So you might just say Siri, call me a taxi. [00:40:00] And you might not give a shit which taxi shows up and Siri order me a burger and Siri play this song Siri's default is going to be to play that song on whatever like on Apple if they become this really nice intermediary layer where you're you don't even pick the app you launch that is a form of user selection we don't even want in our lives.

You just say the thing you want to happen and leave it to Apple to work out what should happen. Then Apple will take this new primal position. It's like owning the homepage of Google or something like that. we get to redirect all user intent to anywhere we want. Well it

**Harry Stebbings:** also opens up in my mind like paid search.

Because if you are a provider you could pay Apple to say hey. If you're Spotify you could pay Apple to say hey. When someone says play Jay Z. Play Oz

**Des Traynor:** first. Yeah, yeah. I know that's a terrible example. Play first. I think that's true, but I think Apple will say absolutely no way. That's not their shtick, right?

Apple are always customer first. Like, another argument there I think this is something more Google y. If OK Google or whatever their thing is called their Siri equivalent is called, I could totally imagine Google doing a thing where they give away effectively free Android phones powered by the [00:41:00] fact that they now control the intent layer.

Which is when you say, okay, Google, call me a taxi. Google goes and they get you whatever taxi which comes from whichever of the highest paid provider.

**Harry Stebbings:** That's so interesting. So you give away the whole but for free as your CAC.

**Des Traynor:** Your customer acquisition code. Yeah, you make it all back in lifetime services.

that's, I mean, Google give away a search engine and they make it back in paid sponsorships, right? It's, it's, it's the same model, it's just a different rendering of it. What about

**Harry Stebbings:** Facebook? Facebook can't be a seat at the wheel, but they don't end that end touch point with the consumer.

What happens there?

**Des Traynor:** Facebook have to look at their actual business, which is like Instagram and WhatsApp.

And it's like, you know, Facebook itself and it's Oculus. And their question I'd be scrambling to answer if I was them. It's just like, what does AI mean for all of these services? And what does the LLM advances mean for all these services? So I could imagine they might have a, But that sits inside WhatsApp, it could become the new way to like, find me the nearest florist and like, maybe WhatsApp will put you directly in contact with them.

You can speak directly to them or speak directly to their bot. I can imagine him kind of interjecting from that point of view.

Oculus has really obvious applications of AI, LLMs, like infinite worlds and [00:42:00] insane games. Like, take a combination of LLMs and Dolly and put on a headset and live in that world. It's fascinating to think of what's possible.

And Facebook. com, that feels, to me, feels like it's like up there with LinkedIn and one of those just, like, bastions of the old internet. I don't know what people use it for anymore, but I think we all log into it every day, but we don't really know why. No, it's fantastic for

**Harry Stebbings:** reminding me of a friend's birthday.

It's who I don't really know about.

**Des Traynor:** Yeah, Urcair.

**Harry Stebbings:** Final one on the kind of like landscape assessment, but it's just Adobe, How do you think about Adobe's movement

**Des Traynor:** I think they've produced some really cool stuff as it relates to visuals, and I think if they played our cards right, they can actually expand beyond creatives, if you know what I mean.

Like Adobe previously, or heretofore, It has been like the creatives tool, like you have to be good at design or whatever to use Adobe and that's even kind of true for their Figma acquisition with the exception of FigJam, like if you're not good at like drawing or whatever, the tool is not that rewarding to use.

I think if they play this correctly. Loads of people want to draw things but can't, right? Like if I said, draw me a picture of a penguin, right? Like most people will make a ball of it, right? I guess people who want to draw, and then a much smaller subset of people [00:43:00] who can draw, and then a much, much smaller subset of people who are very good at drawing.

It's an example of the total addressable market and the serviceable market and like, how much of them can we actually charge money for. With the idea of like, some of Adobe's features where you just select a bit of text and you say, make the sky darker and you select an interface and say, take this person out of the photo.

Or you say, give me a rendering of like, a leprechaun walking over a rainbow. And it does all this like instantly to a pretty high degree of fidelity and like just nice polish, like certainly far beyond what an average illustrator could do And it can do it instantly So I think we should see a world where there are more people being creative, more people able to like weaponize the ideas they have in their head in a visual form than previously could. Previously, you'd just be like, oh, I have this vision in my head, and then whenever I, you know, go to pick up my mouse and open up, like, Photoshop, it falls apart.

Now you don't need that. Now, like, you know, thinking and rendering become, like, this new sort of skill set that you can have. Adobe could see a significant expansion of people who care about Adobe tech if they play it well. Because Adobe like, Oh, if you have an idea and you're struggling to visualize it, just use Adobe.

Like, and you're like, Oh, [00:44:00] well, here's what I'm trying to draw. And here's, I want to have a diagram and I want this and I want that. Oh, you got that nearly right. Let me select this piece. All right, edit that. So it's not like this. It's like that. And have her face in the other direction. OK, it can do all that shit.

We like did at least the tech demos. I've seen the stuff that like Scott Belsky shares and all that. It's like phenomenal looking stuff. So I think like they could have a really. Significant expansion of people who could use Adobe software, far beyond just creative geniuses.

**Harry Stebbings:** Where does Vani accrue most?

Is it the application layer? Or is it the infrastructure layer? And how does that change over the short and long term?

**Des Traynor:** I think right now a lot of value is going straight into the infra, like as in we're handing it all at the back door to open AI in this case, right?

in your first question about commoditization, if that happens, then the value starts to reduce there, right? Because, if there's more competitors offering the same thing, that's the beginning of commoditization or at least You go from a monopoly to an oligopoly to ultimately perfect competition where you, you know, our price goes down on each step, that that's what I expect.

I'll play it less openly. I can continue to find mass market differentiation, which is always a hard thing to find, right? Like, like it was in the differentiation that [00:45:00] all the customers care about, not just specifics, right? So let's assume over time, I believe that, like, just, you know, the amount of people investing in the space means that I think the infrastructure layer will gradually.

Get a lot more AWS like, right, like just like razor thin margins. Well, sorry, not razor thin margins, that's the wrong way to frame it. Price mixed with strength of product as a competitive weapon, if you know what I mean, right? Like Amazon make good money off intercom, you know, but they're also like, we're all in on them and we're very, you know, we're very committed to them.

So that's what the competitive battleground. They'll probably be three or four big providers, is my guess. probably GCP, AWS, maybe OpenAI directly and I'm sure Azure. That's how I think that layer will play out, and they'll end up in direct price competition with each other. Where does the value accrue beyond that?

I think just differentiation value just generally follows differentiation around the stack. whoever has the stuff you can't get anywhere else can charge the margin state, no one else can charge. that sometimes means quality of software products. Sometimes it means quality of network or social network.

Sometimes it means like we've got the most [00:46:00] distributors in our marketplace. But like whoever has the differentiation and no one else can get. is the person who can actually basically charge the highest price.

**Harry Stebbings:** The thing that worries me almost is like, the best quality product does not always win.

Well, it's bundled into our existing package. We don't need a new vendor relation. We don't need a new security and compliance.

It's 85 percent we're not technologists anyway. So product doesn't always win.

**Des Traynor:** Correct.

I generally think if you're playing at somebody else's playground and you're bringing one little thing, even if you do have a reason why you're a thing will be definitely better. and sustainably, it needs to overcome a lot just to be worth the cost of an extra tool in the stack,

**Harry Stebbings:** With that in mind, if you project out in the next 10 years, will more value accrue to startups or incumbents? With

**Des Traynor:** aI, a lot was made at the start of like, ooh, everyone's in trouble. And I remember when we first released our first wave of AI features, which is just AI It was things like summarization, expansion, change tone, like take this blunt reply and make it polite, those sort of features.

one of the big dogs, you know, used it as a showcase of like, this is why there won't be new startups built in this, all the [00:47:00] value will go to the incumbents. And I think the hypothesis there is that if the value, is available on top from OpenAI. It's on top, in our earlier example, it's on top from Mailchimp, and it's on top for the new startup too, right?

So, the thin integration. Uh, where you're shelling out for your differentiation to a third party, it does not create a wave of disruption. The disruption comes, as we were saying earlier, like it's when you would build the entire thing differently in a world post AI. it's hard to give an answer overall.

If you put it into my head, I'd say incumbents will probably do better out of AI than like startups thinking they can displace incumbents. But that's not the same

thing as saying that like... Startups have no business in AI. I think there'll be loads of new stuff in new areas that no one's ever seen before because of AI.

**Harry Stebbings:** And my hard thing is like, as a general capital allocator and capitalist who wants to make money blindly, I think the upside is already priced into Microsoft or NVIDIA where I'm not looking at them like, Ooh, there's a buying opportunity now because they're so richly priced already.

**Des Traynor:** I think. Yeah. That's totally correct.

I think like the areas where I will deliver most value and [00:48:00] startups will be things that just weren't possible before are now possible. companies like Synthesia will like will have like they'll produce massive new things that just literally weren't being done before.

And they're like new categories and new Jobs, new workflows, new capabilities.

**Harry Stebbings:** Bluntly, I'm really in trouble for this. there's so Synthesia Space. They don't have a huge amount ahead of anyone else.

**Des Traynor:** I think what we're seeing there is a growth in how you say AI powered video customization to do lots of like things that people bear in mind the cost of video editing and all that sort of shit is so high. you have a video that explains how your product works, and then you change the name of one of the features.

Now, in the current world, that's a reshoot. In the new world, you edit a JSON file. We're moving into a different fuckin world here. I think what we'll see is, the area of like AI power, let's say video creation in that case, didn't exist.

Tree four years ago really and it's gonna be a big area is my guess.

**Harry Stebbings:** Can I ask, you're also a fantastic angel investor. Given what we've seen in the last year with ARI, has that changed how you think about [00:49:00] angel investing? Is it like, why on earth would you, I'm investing in an enterprise software company now with no AI, is it like, what are you doing?

**Des Traynor:** If I was investing in like a classic commoner gardener B2B SaaS enterprise company in this day and age, I would need to be quite convinced that AI has no role, or if it does have a role, the founders are all over it and I'm going to lead.

Otherwise, I just don't see why I'd take the risk. Do you think

**Harry Stebbings:** you can accurately assess whether it has a role? I mean whether it's just like OpenAI and ChatGPT and all the other places. Oh, so good. Moving so fast.

**Des Traynor:** no, but like maybe I'd come at it a different way.

Like if you're building a web analytics product today. If someone's trying to pitch me like we're going to redo G. A. Everyone hates G. A. Go Google Analytics. It's gotten too complicated.

So we're going to do a better version of Google Analytics. my first. A few questions, because like this is an area that isn't obviously affected by AI and that it's reporting on data points that like that I got it on websites about did the user visit the checkout page or not, right?

But what I want to see is show me your reporting engine, show me, have you considered how like chat UI could be relevant here, like basically instead of building like 150 million drop downs to like, you know, [00:50:00] query by browser type, by day of week, by this, by that. Can I just type the query I want to see, and can you generate it?

Can in fact, can you go one step ahead of me and suggest new things? Can you use AI to like power your reporting engine to suggest new reports I should be looking at that I haven't seen before? I'd want to be confident that the founders have thought through that and come to a conclusion. And it might be, we're not going to build any of that.

Or it might be, you know what, we should really go hard on like natural language as a query engine for reporting. That's like where I'd be like, yeah, okay, I'd want to see that. And I'm kind of making this up on the fly, but like, if they said to me nowadays, we don't think AI is going to change anything to do with how people query analytics tools.

At that point, I'm probably leaning out. I don't know how you can be so confident in that. And if I'm I actually think it will.

**Harry Stebbings:** And so when you look at your deployment today. Has it changed much?

**Des Traynor:** I would say I have probably like the last five or six checks I've been, I've written have all been into companies that are either, pure AI or heavily AI infused.

**Harry Stebbings:** Of your deal flow state, how much is AI in the first tagline? I would say for me, it's 80%.

**Des Traynor:** I'd say it's about, I'm probably more B2B SaaS exposed. So [00:51:00] maybe, maybe I'm probably more like 60%, but yeah. If the question was like how much of it mentions AI in like sub bullet tree or whatever, then yeah, 100%. Is the

**Harry Stebbings:** majority of like scale up AI programs bullshit?

**Des Traynor:** What's a scale up AI

**Harry Stebbings:** program? We are Everyone has an AI now. When you said

**Des Traynor:** about intercom being AI at first, I was like, Yeah, it comes back to this, like, does the product make more sense with AI or not? Like, I think what we saw over the last three, maybe four months, it's been a lot of companies.

This is what that GIF I tweeted, that video I tweeted was about. You're seeing a lot of people doing really pointless shit with AI. Kind of the early days of JavaScript, people did all these fancy effects, that were totally pointless. They used libraries like Scriptaculous and all that, like to do just fancy, like, ooh, it fades away, and you're like, why does it fade away, you know.

there's definitely bits of bullshit you're gonna see, which is people reaching for the easiest to use features, and trying to, like, reverse engineer a demand for them inside their product. summarize this shopping cart in natural language, English, you're like, well, it looks like the user is buying a robe and it's the size me.

It's like, who gives a shit, you know, so, [00:52:00] like, there's a lot of that happening where, uh, in the scale of space where I think it's somebody looking to, like, wave a flag or get the, like, marketing juice that comes with saying you're now something AI. What I look to sort of interrogate the value is just like is there something happening now that wasn't possible before or is there somebody who doesn't have to do something now that they had to do before if



the answer to either of those is yes then I'm sort of bought in if it's basically like.

You know, oh, you know what? It's really, really important that people like, whatever, like, you know, summarize the Google Doc in real time on the right hand side as they're writing it. I'm like, I don't

**Harry Stebbings:** we love there about me going AI first, whatever I spoke to Bobby before the show at equals.

He was obviously with the intercom and he said that you actually one of the masters of marketing. And you thought of as a product OG, but actually you should be credited more with a lot of early marketing efforts. Why does most B2B marketing suck, first?

**Des Traynor:** To leave any sort of lasting impression on somebody, I think you have to say something that is like, unique, as in, like, it can't be the same thing that [00:53:00] everyone says.

Valuable, as in it has to actually matter to them. And simple, right, they have to be able to get it in one read. If you can speak... To your users in a way that presents some value that they haven't heard before, that they can only get from you and that they can understand. Then generally speaking, you tend to like resonate with your users.

And it's like you can't just walk in on somebody's life and just start shouting stuff at them. So you need permission to speak to them and that's where you might. Lean on thought leadership or like make yourself somebody we're listening to. But I think most businesses fail to say something that's either they fail in one of the three tests.

It's either not unique. It's not simple or it's not valuable to them. So you see things like inbox reinvented. You're like, I wasn't really looking to reinvent my inbox or it's like forget everything you know about blah. It's like, I didn't know anything about blah. You know, so you have a lot of like this, like marketing speak if you know what I mean?

Like, which is just people just lean for like the marketing veneer or polish that you get. And it just gets a bit too, um. Salesy and in doing so, it loses its specificity and it loses its perhaps bite or its uniqueness or whatever. I think they also

**Harry Stebbings:** lose humanity. It's like you put on the intercom marketing manager [00:54:00] hat and then you're like thrilled to announce it.

Yeah, yeah, yeah. Usually it's like, I'm thrilled to announce. Yeah, totally. You're like

**Des Traynor:** jacked about this. Excited to announce our, our like ongoing relationship with, you know, it's like, I think there's a like owner or CEO is just a huge, like if I could ascribe him one defining quality, it's probably authenticity, but I think it's just speak the words you want to say, that's the thing that is like so important to have a credible marketing is that you say the things that you would actually say, you don't put on like a marketing heart where you rattle off a lot of bullshit, if you know what I mean.

most startups with marketing with B2B or B2C. they forget to say the thing that makes them unique, that's valuable to the users. And if you're going up against an incumbent, the worst thing they can say is like, Oh, we're like a new type of inbox, blah, blah, blah, blah.

Cause they say, Oh, I put you into the same category as the incumbent. You need to say, here's the things that we're different. Like, here's the reasons that we're better than blah. And like, that's usually hammer's home. Like, again, simple to understand it.

**Harry Stebbings:** I always love the Simon Sinek, people buy why you do it, not what you do.

**Des Traynor:** Simon's point's not bullshit. It comes down to what type of marketing we're [00:55:00] talking about. I will, in my head, I'm talking about product marketing here. Like I'm talking about like, what does the homepage say when you go there, right? if you go to Asana and like it opens up, one day, Dustin Facebook and he really wanted to get an overall view.

You're like, dude. I'm closing that top, what the hell is the thing you do now when it comes to consuming the overall brand, if you like, you know, like what is this whole company about? What is its raison d'etre, which I think is more important in certain industries and verticals. You're like, hang on, if I'm going to like, really align myself with these people.

I need to understand what makes them tick. That's when you're going to like slash about or slash vision or whatever to sort of read a bit more about what the hell is going on here. Like, as in, are you guys just growth hackers who

stumbled into a project management company or do you actually care about the nature of human productivity?

Simon's point's not wrong, but I think most of the time when you're trying to sell software, the best thing you can do is probably say what the software is about and not talk about the origin story or whatever. You can

**Harry Stebbings:** thank Bobby for these. If you could change one thing about. You know, intercoms marketing over the years, knowing all that you know now.

What would you change?

**Des Traynor:** If I could change anything in terms of things that I [00:56:00] would trust myself to do a better job on, I would probably try to more tightly align the audience we were building with the product that we were selling.

**Harry Stebbings:** Talk to me about that. You mean the content that you created, created this large funnel, but it wasn't actually all aligned to the product and the

**Des Traynor:** buyer?

Correct. Yeah, it was large, but it was then harder to translate that into demand that you could capture. Yeah. Qualification was tough. Yeah. even yesterday I was at a conference here. Dude, I read the intercom blog and I'm like, what do you work on?

And I'm like, you know, I'm a program manager on the infrastructure team. And I'm like, you're not going to buy customer support software. I think probably I prioritized. growing an audience for the blog over growing the right audience for the blog. And the net net is that we have a large audience for the blog.

People who are like design or into product or even into engineering. People are maybe into like startups in general, like even people who are into marketing where we didn't go deep on early enough was just the actual like sort of people who are best positioned to buy Intercom. I have

**Harry Stebbings:** two thoughts there.

I think the first is like, you know, you have to go as in content You have to go as niche as possible get to a thousand true fans as fast as possible Yeah, so I'm

kind of on one side with you agreeing with you there and then on the other I'm going actually doesn't matter Because if you have [00:57:00] huge audience and you just have scale of distribution Word of mouth starts to kick in and brand starts to kick in validity of followership scales to kick in Yeah, and it will convert You have to have faith that it will

**Des Traynor:** convert.

it's a different approach. I agree with you, like, as in, I agree if you have a million readers a month, and, like, 1 percent of them are, like, your buyer, or if you've, like, I can't do the maths on the fly here, but if you have, like, 10,000 readers a month, and, like, and whatever, like, some same percentage, that nets out the same number as total, they're both valid strategies.

Like, a small focused audience or a big unfocused audience that contains in it. The small focus audience that works, like, I mean, you're asking what I do again. I think I probably would have just tried to be a bit more focused early on, an interesting thing. We measure like when we look at say stuff we share on social, it's easy to get like a viral tweet these days.

What does it drive? So that's the thing, not a lot, right? Like, it doesn't drive a lot of follows, doesn't drive a lot of anything other than like a few like quote tweets and a few retweets or whatever, like, you know, hundreds or whatever. But what's interesting to me is, we've been having popular viral moments.

The thing I care more about and I'm more excited about is like when we share something that's pretty, I don't wanna [00:58:00] say boring, but just pretty focused on like, the only people who give a shit about this are support people. The people who engage with that content is growing and that's the thing I care about more than say just general followership.

I'm like effective followership is the thing to look at. I, I

**Harry Stebbings:** totally agree with you. Honestly, I think we lost ourselves at 20 BC. I saw a lot of content producers around me getting bigger and better numbers than us. And I'm like, fuck you, I can do what you're doing better. That's not my job. My job is to serve the best ventures.

Startup podcast. I don't need to interview musicians who are entering rancher or sports stars. Yeah. Know your

**Des Traynor:** customer, know your product. Yeah. And like the reality is if Beck's enters investing, his followership isn't that useful to you. No, you know what I mean? It's not at all. Yeah. See, if I tell you that Beckham wants to be on a podcast, you don't want him.

No, no, I mean,

**Harry Stebbings:** you know, I would be happy to engage. Yeah, of course, we all would. No, I get you there. Okay, I'm going to flip. So you can change one thing about Intercom product strategy. What

**Des Traynor:** would you change? That's a tough question, I think I probably would have taken integrations more [00:59:00] seriously earlier, understanding more about Intercom's role within the tech stack, knowing that we're not The only show in town, understanding that we have to play nice alongside like workforce management solutions, CRMs, whether it's like Salesforce or HubSpot or whatever, QA tools, Slack, you name it.

I think we could have gone harder earlier on that and I think it probably would have been more valuable to our users. I'm

**Harry Stebbings:** so going to get in trouble for this. Why doesn't HubSpot just buy Intercomp with HubSpot's market cap today? Have you had Brian

**Des Traynor:** Halligan on before? Or you should ask them. I mean, you're literally asking me like a question.

I, I can't answer that.

**Harry Stebbings:** Yeah. Great. You can change one thing about the sales motion or the sales platform. Looking back.

**Des Traynor:** I think there is very little best practices advice in startups that actually survives more than five or six years, in my opinion.

Because I think. Everything is just constantly evolving around us, like even like all this AI shit's gonna like upend a load of like product strategy [01:00:00] advice that has been holding solid for 10 years, right? most of the time advice expires. how you go to market. If you're in 2012 and you're talking to like VCs you know, senior experienced people about what's the best way to go to market, what did all tell you is basically hire sales leader and you kind of run up market and get away from those scrappy little companies.

Right. that was the sort of norm and all the blogs and all that back then. It was just like build a sales machine. Hope you go right. That's a docu signed in it or whatever. That's how well for build up. Call. Yeah, exactly. Or box or somebody from like from that just slightly previous era.

around 2013 14 15 people started to realize Dropbox was actually doing well. They actually had managed to do it without having to go like all enterprise. But the big dog in the story here is obviously Atlassian. Who presented an entirely different way to go to market and build a massive business without running up market.

if you play it out, maybe in parallel, I don't think it's necessarily sequential, but Shopify say, for example, are still as relevant if I just want to sell this bottle of Fiji water. They're still probably to go to, but also they're a massive business, right? So [01:01:00] they've managed to, like, not have to turn into, like, how do you say, like, the, you know, the old school big commerce company where, like, you go and you have, like, nine people show up to do solutions engineering and plug in your stuff.

Haven't we mentioned them? Look at

**Harry Stebbings:** HubSpot. I mean, yeah,

**Des Traynor:** HubSpot have proved, exactly, that there's massive businesses to be built without ever having to go, like, all the way up market, right? The advice is almost out of date by the time it's

**Harry Stebbings:** best practice. Okay, I really like serial entrepreneurs because I find there's so many things that you do very, very differently the second time, having messed up the first time. Does that not render serial entrepreneurship relatively

**Des Traynor:** less important? when I think about like, if I had to start another company tomorrow, I think the stuff that I would definitely bring into the next company is not specific, like go to market tactics or like bottoms up adoption versus like going into the top of the market.

It's not like marketing channels or tactics or anything. I think what it would be about is like, what is the makeup of a senior executive team and what do you want? What are the attributes of leaders at different stages of the company? How to interview, how to like give the right [01:02:00] feedback to people, how to assess where a hole is in your organization and how to deal with it.

How to like kind of like not lose yourself defending a narrative, but instead like. You know, take reality, face it straight or whatever. I think they're all the sort of things, the more timeless pieces that I would learn. Like, I think it's reasonable to assume hiring executives is going to be a thing.

It's reasonable to assume building a company culture is going to be a thing. It's reasonable to assume having a mission and a vision on values by which your business performs. They're all kind of timeless skills. And I think serial entrepreneurs know the mistakes they made and not being firm enough on the right areas or flexible enough on other areas or whatever.

So I think that's the sort of stuff that you're investing in. They won't make that mistake

**Harry Stebbings:** again. Do you think culture is a timeless skill? We like, you know, when you look at post COVID, there is a sense of wanting to work from home a lot more. Yeah. Changing incentives, missions, time spent.

**Des Traynor:** Yeah. I mean, it's a fair question.

Like is managing humans the same today as it was five years ago? I probably not in a lot of ways. And like definitely generationally, I think it's different as well. But like, I'm not trying to be evasive here, but if you just take one step up and just talk about it as in, like, [01:03:00] design a culture that attracts the maximum amount of talent and motivates them to work as hard as possible for the climate you're in, for the environment you're in, for the country you're in.

Maximum

**Harry Stebbings:** amount of talent or maximum quality of talent? Because I guess my point there is like, you know, you said 900 people.

**Des Traynor:** Yeah, it comes down to are we trying to weigh talent here or not? I guess like what you want is... But I

**Harry Stebbings:** don't think that 900 people, you can only have eight players. You're going to have some C players.

Yeah,

**Des Traynor:** well, well, specifically, I would say you've got people who are early in their career, people who are like seasoned, super experienced, super

tenured. Brilliance. We have interns. They're not yet A players. But like to your question, like, is it a maximum quality or is it a maximum quantity? Like, I guess what I mean is that you're not trying to maximize headcount.

And I think for us, right, that's another thing that like most seasons entrepreneurs won't do a second time or third time, whatever. They won't see headcount as a vanity metric at all. The second thing I'd say is, Basically, you want to attract the smartest folks you can at the right level.

Like, you know, you might, you don't need like a thousand of them in an early stage start, but you need four to start. And then as you start to scale your culture, you'll realize, all right, we can't [01:04:00] only hire like A superstars because we'll be waiting all year for our next engineer. So you start to work out ways to like scale and you say, you know what, how about the A person leads the team and they can hopefully drag the B person up to an A standard or whatever.

So you start thinking about it from that point of view.

**Harry Stebbings:** What was the biggest mistake you've made on Culture?

**Des Traynor:** I would say, radical candor is something that like I struggled with for a long time and I probably still do. I'm better at checking myself, but the idea of like telling somebody what they need to hear so that they have the best chance of succeeding in their own career versus telling them the thing that will make them happy society struggles with this in general that like, you know, are you ultimately looking out for the greater good for the person?

Or are you just optically looking out for in the short term? And I think my version of that would be earlier days would have given like nudge and prod feedback. But what I probably need to do is to say like, Hey, okay. I don't think you can actually make it as a leader of blah until you can blah and here's the skills that I just think are close to a terminal gap in your skill set and if you don't [01:05:00] close them I just don't see you either surviving here or honestly anywhere and I think you need to invest and take me seriously in this whereas I was probably, in 2014, 2015, I was probably more likely to say I actually make good progress, but here's a couple of areas where I'd like to see a little bit more, you know, like it was that way.

Yeah, well, it wasn't even since I was just way too cushioned. Like I remember Lauren or had a people saying to me something like that. If this person's not like really upset with you at the end of this, you haven't actually done the job. If this



doesn't sting for them to hear, you should be suspicious because it means you've definitely pulled the punch.

that was good advice at the time because it's just so much easier in a conversation. But, but, you know, everyone's going to go good or perfect. Or just not to have a home for themselves. Yeah, I mean, that's kind of like the startups because you don't have unlimited headcount. I think bigger companies can struggle with that, but yeah.

Any big lessons on RIFs? Oh no, they're horrible. Here's the lesson. Don't put yourself in a position where you have to do them if it's at all possible. It's just really fucking hard to get through. It's a big time sink. It's a big emotion sink.

It's a big engagement sink. And it takes a long time to sort of like plan. Perform and doing [01:06:00] it all, you know, the lessons I've kind of learned on riffs are more from other companies, done anything intercom has gone through the last 12 months for startups in general, every other investor update I get has been, Oh, we've done a little riff and we've got, you know, but things are generally going good up and yeah, but like, honestly, in a lot of these cases, a superhuman has this feature where you can, if someone mails you, you can see on the right hand side, all the other Males they sent you and you only need to click back to a tree where it's like we're excited to announce that we've heard not one but two VPs of partnerships or whatever and you're like, Oh, you didn't realize that you're planting the seeds of the rift there.

You know what I mean? Like I think like the bigger thing I'd say is like over hiring does an electricity and a. In the same way I say you always want your office to be a little bit too small because it gets you this sort of vibrance and this kind of sense of hustle. I think you always want a team to be just a little bit like, like there should always be a pile of work and like there should always be a sense of like, holy shit, we've got so much to

**Harry Stebbings:** do.

I agree. But like we spoke about some bigger rounds and more expensive prices before. There's so much VC cash that they're still raising 5 on and they've got a lot of money or 8 on 40 or whatever. The [01:07:00] cash is just there. Do you worry about the venture market stage just ruining it?

**Des Traynor:** I think you have to put it on the feathers at that point.

Like, as in, if someone gives you the money, you don't have to take the money. If you take the money, you don't have to spend the money. If you spend the money, you spend it on hiring. If you spend it on hiring, you spend it wastefully. Like, it's a bit of a fucking... I

**Harry Stebbings:** get you, I just think it takes a very skilled person to go, We're gonna put it in the bank, and we're not gonna touch it.

Cause then product expansion happens. And while we could hire that extra data engineer, we could go into that new product, we could go into that new geography, take a really

**Des Traynor:** disciplined market. Yeah. Well, you know, hiring fluctuates between like needs and coulds, right? Like, and, and, and maybe it's easy to lie to yourself and say like the existing, you know, the incremental thing that this person's going to do is going to be transformative. I would bet your second time founders they hire slower is my guess because I just think it's an easy way to like burn up opportunity and ultimately lead yourself in a position where you might have to riff or like in a lot of these companies say like they're riffing people where They didn't have to hire them,

**Harry Stebbings:** you know.

Final one before we do a quickfire. Children wise, I think that's such an important part of one's life and one's mindset. Does [01:08:00] having children impact how you manage and lead? It's interesting, I was on a holiday this summer, and we were like, looking, me and my other half were like, tasked with looking after these two kids.

And they just like, annoyingly approach you when you don't want to be approached. Instead of going sod off, you have to turn up. Patience. Delayed emotions.

**Des Traynor:** I think it made me more efficient in the time I'm at work for sure, I knew that I wouldn't be able to work as much when I went home or whatever.

And I noticed this in like, when I'm on, I need to be on and I need to be like emptying the tank of my a game because at some stage you're gonna go home and have all these like kids and I have to deal with them and I can't just come home exhausted and I need to be active when I get home too.

So I think that's probably the first way. I don't know if I got more patient necessarily. I mean, I definitely need more patients with my kids. I think the folks I work with, they don't antagonize me that often. Patience isn't a string I pull on a lot, thankfully.

**Harry Stebbings:** I mean, I also have them for a holiday briefly and so it's different to having them permanently.

listen, I want to move into a quick fire round. So I say, okay, CEO of any other company for a day, what company would it be?

**Des Traynor:** Oh, I think Google. Cause I'd want to fix Google meet.  
[01:09:00] Like, yeah, it's honestly, I just, if it's because if I have to go back to my job after a day and I'm going to go back to my normal life.

I think Google Meet is definitely the product I really want to fix up. Does he Zoom? It's not that. It's the chat bar on the side. Like, basically, if I was the CEO of Google, what I'd do is I'd say, I need you guys to build me a Slack, a fully functional Slack equivalent that also sits in the sidebar of all these things and has to work also at Google Docs.

So when I'm having a hangout with Harry, If we're chatting, it should be the same thing as a persistent chat channel between me and Harry. And if I start a new Google doc, it should be automatically shared with Harry. All of these things just feel like such donkey work that I have to go through every single time I jump on a call.

you know, if I was trying to solve an actual, a realistic tech problem in one day, I think that's probably the thing I'd go for. I'd love to go to Spotify and basically say like, we're doing a new thing called Spotify Live where we cover all soccer.

I think basically Spotify for soccer, like, is in the idea that there's a single place you can go to watch all live streaming sports sitting right there, and I think it's just everyone's scared shitless. Well, you couldn't, because of rights.

Well, that's what I was going to say, but, like, wasn't that true for, like, iTunes and music as well, right? The rights thing just seems to be, like, a [01:10:00] deal that just needs to be done. I do think, like, Spotify managed to negotiate such that they can play podcasts and music for all over the planet, from all over the planet.

getting like Plymouth Argyle to agree that their matchable leads should be like live streamed. I think it should be doable. I love you and me so

**Harry Stebbings:** much because I'm like, I'd probably like to be CEO of Warner Music so I can meet Dua Lipa. That was my thought process, but Google meets good too.

Yeah. That's great. Tell me, what's the right way to view competition?

**Des Traynor:** the right way to view competition is with respect and after you've launched and you're out the door, increasing comprehension. Comprehension meaning you have to understand why they're successful. it's very easy to like their product shit, but maybe they're just brilliant to go to market.

if you don't understand that, you're never going to be like, why is no one paying attention to me? I've got the better product. respect always, They have, they have the market, you want the market, you have to respect the fact that they got there. the comprehension piece, I just.

everyone likes to quote like Jeff Bezos or whatever, like, oh, I ignore my competition. I just listen to my customers. do listen to your customers. I just don't think ignoring competition, especially if you're like in a market where there is competition, I think it's essential to [01:11:00] work at it.

Why do people pick them over you? Is that not a useful thing to know? You can't listen to your customers if they're using your competitors, so, like... I also think,

**Harry Stebbings:** psychologically, right, you use it to fuel you and your team. I think it's useful to have a common enemy. Like, we are there to beat them.

**Des Traynor:** Yeah, yeah.

As long as you believe that beating them is the right prize. That, that makes sense. But, like, oftentimes you can find yourself ruling over a graveyard. if we just beat Zendesk, but Zendesk is, like, in the current state it's in, that won't be the full realization of what

**Harry Stebbings:** Intercom can be.

What state is Zendesk in? They're bought by PE, and they're just, like, being... Used as a cash

**Des Traynor:** cow? I don't really know because I don't know the inner workings but certainly the PE cash cow playbook would look like raise prices, shrink roadmap, bring the register and package it up into a very efficient cash producing machine and hand it over.

I'd have no idea where they are but like but that's what whenever anyone else is going to be that's

**Harry Stebbings:** usual it seems. How did Owen coming back change culture? It changes

**Des Traynor:** substantially. It's also it's own coming back. It's also like just the new era of like of where startups are. we got hyper focused on a very specific use case for the longest time.

Intercom would be in kind of a broader tool. don't came back. We're like, well, let's go all in on [01:12:00] one thing. Let's set a very clear, like, focus for literally everything we're doing. you know, increase the urgency. We kind of, we had this, uh, initiative called, like, P52, which is, like, 52 weeks to, like, to basically rebuild all parts of the company.

And it gave us a kind of ticking clock, and it gave us a very clear sense of, like, progress and momentum and engagement. We're just finishing it now. Went gung ho as like the team of 900 folks towards rebuilding like marketing, branding, pricing, product, you name it. By the time this goes live or in the next five, six weeks, all of that's going to look different.

**Harry Stebbings:** Why did you make Bobby at Equals write a blog post

**Des Traynor:** a week? Yeah, so basically Bobby asked me to invest and I said I will, but I was scarred by too many businesses who forget to tell people what they're all about. what I mean by that is a lot of companies launch and they kind of have this kind of weird incel like vibe of like, why isn't anyone paying attention to me?

An investment I'd made had just finally wrapped up on a diet it was really frustrating me that they had kind of forgotten to launch. and to me, launch isn't like, Oh, we've put up a, like an alpha page or something like that launches. Like [01:13:00] when you're laying it all out there, here's what we think.

Here's our vision for the future. Here's our product. Here's our product matches our vision. Here's where our products go. Here's why you should use our

product. Right. looking through my own portfolio and I was like, huh, a lot of these companies that died never really launched. I was like fearful in that period and I said to Bobby something along the lines of like, what's the plan for telling the world about this?

Like, I mean, simply having a better Excel, you could find yourself just. sitting at the bar wondering why is no one paying attention? what's the actual plan for putting yourself out there and being in great shape? he'd talked through some aspects of marketing, you know, branding, positioning, like Google Sheets is over here, Microsoft Excel's over there, blah, blah.

And I was like, right, but like, you probably need to tell people that hundreds of times. And I think I wrote 90 or 95 of the first 100. And if I'm honest, I always felt that Bobby and to some degree, Ben, his co founder, never really gave me any street cred for that, you know, but so, so some of this was like eat some greens.

you have to commit to tell the world everything you stand for your product, what it is, what it does, how it's used, who uses it, why they use it.

**Harry Stebbings:** And the most important thing I'd [01:14:00] say is actually you're not as important as you think. So don't, don't worry, actually, if it's not perfect.

**Des Traynor:** Well, totally. And your thinking will evolve. And that means. That's something I wrote in 2013, it's no longer what I think today. Fine, I don't think anyone thinks anything, 10 years prior is like admissible in court or whatever, you know. it was ultimately, it was like, please guarantee me that you're going to lay it all out there and tell the world why they should use equals.

That's ultimately what

**Harry Stebbings:** the ask was. we both like Johnny a lot, do you have any lessons from Hoppen?

**Des Traynor:** Yeah. I can only assume that they might have realized earlier. the world was going to return to a lot more like normality. And I think they did smart work with, like, say, Stream Ireland in that acquisition.

I don't know if it's a lesson, but I think, when you have, like, an existential crisis along the lines of, hey, it turns out everyone's just going back to real world

conferences and they don't even want to live stream it that much. There's a lot of temptation to, like, push back against that.

a hedge against it, like you're like, you know, just like, Oh, no, no, surely they will. Or there might be another pandemic. You never know, whatever. Whereas I think sometimes you just need to say, hey, look, the thing we thought was true is no longer true. [01:15:00] We now need to reorient the entire company to get ready for the new truth.

streamer and that move was that generally part of that. That's how I saw it as an outsider. I was like, they have to like ultimately pivot to like live streaming a lot quicker and they did. They made a great acquisition. Here's a shit lesson. That's just true, right? If you're in the weirdest capital market in history and everyone's telling you to like raise billions of dollars at like ridiculous valuations, don't do it.

Like, it's a weird lesson, right? Like, it's a hard thing, like, you know. I don't think don't

**Harry Stebbings:** do it, actually. I think for the investors, like, what was the lesson for me? Like, regardless of how well the company's doing, regardless of trajectory, who's joining rounds, if you aren't early enough and the prices get high enough, take some off the table.

Yeah, I think that's a reasonable. And actually be much more active around it. be a real manager of your portfolio. Yeah. Not a passive investor.

**Des Traynor:** Yeah, yeah, I think that's true. I think certainly that's for founders who occasionally write cheques. I think that's probably the bigger lesson that will emerge from 2019 through 23 or whatever.

And it's

**Harry Stebbings:** fine to say, well, I'm a founder by day, but if it's millions of dollars [01:16:00] back to you, it's worth your time. Yeah, yeah, totally. Final one for you, my friend. Where's Dez in 10 years? And why is Intercom intense? Has Intercom killed Zendesk?

**Des Traynor:** I think Zendesk will have their own fate. I it's incumbent upon us to, like, do anything to them.

I think Intercom, we want to be, like, the primary support solution for, like, internet businesses. that's what we want to be. as to where I am in that, I hope that there's either less intensity, or I found a role in the company that requires less intensity. Because I don't see myself as a 52 year old being able to do what I do today.

And even if I look at myself today versus like when I was 18. 30 when we started or whatever, like I was, wasn't in this healthy shape or whatever, but like there was, there was definitely more energy and more like 9:00 AM till 2:00 AM type energy, right?

Like that has definitely shrank a bit. Like I'm now probably working closer to a normal working day. I hope whoever has my position, if it's not me is able to do it, or if it's me, I hope, who doesn't need the like nine to nine energy.

**Harry Stebbings:** Listen, I can't thank you enough for joining me. I love our conversations. You've been amazing. So thank you so much. Yeah.

**Des Traynor:** Thank you very much. It's always a pleasure.

oof[01:17:00]

**Scarlett 2i2 USB-2:** Now if you'd like to see the full video of that you can check it out on youtube by searching for 20 vc we did it in person and so it's a really fun one and i think the video actually adds a lot to the interview so do check that out again that's huge you by searching for 20 vc but before we leave you today

**Scarlett 2i2 USB-1:** We need to talk about sauna. Sauna is an AI powered, learning and knowledge sharing platform. Think of it like chat GPT for all your company's knowledge, sauna integrates with all your company's apps. In under five minutes, I can search through every single file doc. Pull requests video and more in under a hundred milliseconds assistant is generative AI at its most useful.

So you need to create a course on OKR fundamentals for your employee onboarding program. And you're short on time. Assistant can generate the outline. Um, contents from scratch complete with relevant imagery you can tweak it check it and then also assistant publish it in five other languages and assign it to all new hires in five markets they've raised over \$50 million to date from some of the best and you can request a free trial a sauna [01:18:00]  
lamps.com forward slash two zero vc



**Scarlett 2i2 USB-3:** As always, I so appreciate all your support and stay tuned for an incredible episode. This coming Friday with the co-founder of hello, fresh.