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Marker

Jeff Seibert Intro: I view OpenAI probably evolving more into an infrastructure company like AWS. the road ahead for OpenAI is not easy.

Google they need to go all in on it. I don't think they have a choice.

very few people, I think, are paying attention to is Apple. Because, again, they control the silicon. imagine they're able to pioneer small models that run on device and then they do custom silicon to make them run.

The performance could be outlandish compared to any other platform.

Scarlett 2i2 USB-9: Welcome to 20 VC with me, Harry Stebbings. Now they show is an immensely special one for me. I first met this gas nine years ago when he was head of consumer product at Twitter, he then became a friend and Marc Seuster says, invest in lines, not dots that friendship with today's guests then turned into an angel investment from me into his company.

And today 20 VC is one of today's guests and his company's largest investors. I'm thrilled to welcome. Jeff Seibert found a digits. Re-imagining the world. Of accounting with backing from the likes of Peter Fenton and benchmark who led an early round at the company before digits, Jeff cofounded Crashlytics, which now runs [00:01:00] on almost every mobile device on the planet.

They ultimately sold to Twitter. But before we dive into the show today,

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Jeff Seibert Intro: Jeff, I am so excited for this. What people don't know is I will always remember, I remember being 18, maybe 19, and being in your office at Twitter in San Francisco, I was so nervous, I was like, this is so cool, anyway, that was a while ago, so first, thank you so much for joining me today, Jeff.

Harry. No, it is so great to be here. Thanks for having me on. You know, the whole world only makes sense going backwards because like who would have guessed from that meeting you'd become one of my largest investors like five years later. Just incredible what you've done.

I [00:04:00] mean, yeah, definitely not me, to be honest. Everyone always thinks that things are so strategic and you're like, well, you know, sometimes you have to go to the party to meet cool people. that's what I always say, but I want to start, I find actually, like, one's childhood aspirations quite revealing.

What did you want to be when you were a child, when you pictured yourself growing up?

Oh man. So I loved building things since I was little and I was completely obsessed with Legos. And so my dream was honestly, literally to be a Lego master builder. Until my mom did some research and she found out that actually like it's not that great of a career They're paid something like minimum wage and that was in middle school And so I forget if it was that Christmas or the next year But she gave me a programming book for Christmas and I was and that was the end of the story I was like, okay computers are next

Jeff Seibert: okay, so when I met you, you were at Twitter. And it is an incredibly formative experience, I think, being at Twitter, especially in the role that you were.

How did that period at Twitter shape your mindset and approach to operating, do you think?

Harry Stebbings: Yeah, the biggest lesson I learned [00:05:00] was empathy, honestly. So when you're in consumer software, you can't possibly begin to understand how many different... people, personas, use cases, mindsets, the human experience all comes to bear on your product. And what I saw was actually a trap. So the product managers who were super data driven...

started designing and building features for the average user, because that's what the data told them. And they actually believed that there was something such as an average Twitter user. it's such a huge mistake, right? Like, you're conflating all of these different populations. You have sports fans who want a live, like, chronological timeline during the game.

You have celebrities who want to maximize their reach. You have Japanese users who, by and large, want to remain anonymous. None of them is average.

And so what I really learned is you have to deeply understand each population and design and build a feature for them. Don't, like, let the data lie to you.

Jeff Seibert: Can I ask you a bit of a weird one? But often we're told, you know, solve a problem... That you personally know and experience and care about. But then, like, so you fully understand and have [00:06:00] that empathy. But then other people have said to me before, don't because you can be too emotionally attached to it.

That you don't almost think rationally. Would you agree with that? Which side are you on?

Harry Stebbings: I'm definitely on the side of build it for yourself. Like, you deeply understand the problem. That gives you superpowers in terms of solving it the right way. You definitely need to understand, are you uh, repeated by many other people around the world? Do they share your problem? Do they share how you think it should be solved?

But I think it's so much easier to build something that you personally feel than have to sort of try to interpret other people's thoughts and beliefs about it. Um, so no, I would not be worried about getting too emotionally involved. I think that's a superpower.

Jeff Seibert: Another thing is like, speed, Twitter's product, kind of cadence now, regardless of what one thinks of Elon, and we won't get into that, but like, the cadence of release is very impressive in terms of what they're pushing out.

How important is speed? when it comes to product, product cadence. Do you think?

Harry Stebbings: I think it is critical. and it is [00:07:00] too easy for companies to fall into like, Oh, we don't know. We need more data. We need to run a survey for that. Particularly at Twitter. We need to get StatSig data, which always took two to three weeks. And then you would have to analyze that, and then see what happened.

it's honestly a disaster. And so, agree or disagree with some of Elon's decisions, but he is moving quickly in a direction that is way better than sort of standing still.

Jeff Seibert: you know, when we think about non obvious things We mentioned that two commonly said tropes obviously speed and then solve a problem that you know deeply I think there's a lot of things that aren't well known about entrepreneurship Given the fact that you've done Crashlytics.

You've now been in Twitter. You've now founded Digiz. What do you think is the most like misunderstood or non obvious element of entrepreneurship.

Harry Stebbings: This sounds silly, but honestly, pure execution. people know the vast majority of managers are terrible managers, right? The vast majority of founders are simply bad at running companies, and I'm sorry, but it's true. And so what I mean by that is like most founders aren't intentional [00:08:00] about how they go through and operate the business.

Intentional with their time, with their decisions, with who they hire, with what they say no to. And so if you don't have conviction, you're really going to struggle as a founder. Because you need this, like, deep seated obsession of what's right and what's wrong and what you believe in, and how that informs every decision you make.

And your decisions may still be right or wrong, they're not gonna be perfect, but if you were intentional about them, at least you can trace that back and learn from it. Versus I see too many founders just sort of going on a random walk and then when it turns out they were wrong What do they have to learn?

There's not there's nothing to trace it back to.

Jeff Seibert: unpacking that, you just gave me like gold dust there, why are most managers mad, bad do you think?

Harry Stebbings: Peter Principle, they get promoted into management because they were good at a former job their passion right their experience isn't managing the feedback cycle is slow. They're the boss so they don't get the raw feedback I think there's a ton of challenges and it's even worse for CEOs, because who in your company is going to give you really crisp, blunt feedback on what you did right and wrong?

And your investors aren't [00:09:00] involved enough in the day to day to really know, so they can give strategy advice, but they don't know how you're behaving in meetings.

Jeff Seibert: Okay, so help me out here. We're both, like, CEOs as well. how do you think about promoting people then who are great ICs? Do you not promote them to managers? What's the right way to do that challenge then?

Harry Stebbings: That is a great question. So actually, every time I've promoted an IC to a manager in a startup, this was not at Twitter, We've done it as sort of a trial period. And so it's like, hey, so and so, we have this opening for this new role, the team's growing, we need some structure.

we are going to have so and so take on the role as a trial over the next two months and let's see how they do. And honestly, there's been both outcomes. In some circumstances, it's been great and everyone's rallied around them and it's like, great, okay, now they're the manager for that team. And I've had circumstances where they haven't and it was sort of widely recognized that they weren't excelling in that role and we decided to move them back to an IC.

and that was okay as well. I think there's a really bad perception that being a manager is better than being an IC. I think it is different. And you can be an [00:10:00] exceptional IC, and you should be comped appropriately for that. Or, if your career passion is to mentor and guide folks, then you move into management.

Jeff Seibert: I appreciate that, and I think it's also important for people to understand that you can be comped appropriately. I think there's this, like, barrier in one's head that to break that barrier on comp, you have to become a manager. Yeah.

Harry Stebbings: for a long, long time. Google sort of pioneered this well in the early days and created this whole track for engineers to sort of keep climbing in, in comp and title and recognition and so on without taking on management roles. And I've tried to mimic that at all of my companies.

Jeff Seibert: You mentioned accountability within CEOship and why, like, no one really can, who could do it with the visibility they have. And then, you know, those that could, won't because they don't have the visibility. So how do you create that accountability as a CEO?

Harry Stebbings: Yeah, it's certainly not easy because you can constantly fall into a trap of thinking you're getting feedback and you're not. It's really how you set the culture of the company. So one of the things we do at Digits is we run the entire company on a weekly sprint. As part of [00:11:00] that, every Friday, we end every week with a full team retro.

and we call it anchors and breezes. Anchors are what slowed you down, what didn't go well, what you need help with, like feedback on the week. And then breezes are what went well, shout outs to people who helped you, things you learned, et cetera, et cetera. And you create this culture of just constant iterative improvement.

Which then allows sort of feedback conversations and one on ones and so on to be widely recognized by the company. It's like that's what we want. The whole mindset is just how do we get one percent better each week.

Jeff Seibert: I love the idea, but when you get to 100 people, does that still work?

Harry Stebbings: yeah, it fractalizes. Uh, so what happens is each team will run their retro on Friday. And then surface sort of the highlights, like the biggest anchors or breezes to the full company wide retro. everyone has sort of two opportunities. You do a team wide thing, and then you do your own small team, and that's where you get into more detail.

Jeff Seibert: Do you like celebrating wins? I worry that it creates complacency. We've never won. I'm always chasing someone. We both are always paranoid. I hate this like tap on the back. Do [00:12:00] you celebrate wins?

Harry Stebbings: We do. It's also, it's important to do it correctly. So I agree with your mentality. Crashlytics, I never thought was, like, successful in any one moment. Not when we were acquired, not when we hit a billion MAU, et cetera, et cetera. Like, there's always the bigger goal. But, if you have that mentality with the team, it's very demotivating.

what are we trying to go to? Like, when are we going to get somewhere? And so it's really important to celebrate small wins. And so we use this Friday, show and tell, we call it, basically to show off what we did each week and champion who did what. and celebrate all the small wins of the week.

So people feel really connected to the company and what's happening.

Jeff Seibert: I love the way I still use this show despite its size. I still use it. It's like this like merciless testing ground for my own ideas.

Harry Stebbings: I love it. I love it.

Jeff Seibert: tell me obviously, uh, I know this story of being an investor, but you know, we have crashed today. Then we have Twitter, how did Digits come to you?

What was that founding moment for you?

Harry Stebbings: Yeah, Digits really came out of the Crashlytics journey. And so, you know, we got very lucky with market timing. We scaled from 0 to 300 million phones in 12 months. [00:13:00] Got acquired by Twitter. Today, Crashlytics is on 5 or 6 billion MAU. Roughly every active smartphone on Earth. It's incredible. through that journey, I was struck by this dichotomy.

on the product side, you have real time analytics, performance monitoring, live dashboards, right? Like, I knew exactly what was going on with the product and who was using it. And then on the finance side, I literally had a black and white PDF of my P& L and balance sheet once a month, two to three weeks late, that I didn't understand because I didn't have a background in finance.

I was an engineer. And so it's like, what is happening? And so literally that is why I started Digits. The simple premise, can we make accounting real time and intuitive for startup founders? And so what's crazy is it took us five years, but we finally just launched it. Like it's actually here five years later.

Jeff Seibert: I mean, that five year journey is one with twists and turns. the idea that initially was Digits on founding day one is different in terms of the product that we're releasing today. What did you learn that led to your realization of the need to pivot? Like why pivot and why was that enough?

Harry Stebbings: Yeah, it's definitely been quite a journey,[00:14:00] obviously trying to make accounting real time is a lot easier said than done. Uh, when we started the company, we went heads down on R& D and really struggled with data quality for like three years.

and that was because in 2018, when we started, the tech to really automate bookkeeping didn't fully exist. I think I was a little optimistic on how it could work. and so we have dozens of patents on it now, but it was like a brick wall. so in 2021, we made the decision to pivot from like the pure bookkeeping automation.

to collaboration tools. So, better financial reporting, better client portals, better transaction review process. and that worked. We got a thousand accounting firms on the product, five thousand downstream businesses, like, that was sort of off and running. But what bugged me is that wasn't really why we started the company.

we had bigger ambitions. And so then, last year, literally all of a sudden, GPT 3 comes out, CHAT GPT comes out, GPT 4. And we started experimenting, and we're like, Whoa, hold on, we're back. Like, we can actually do what we set out to do. literally, overnight, just like, we're back focused on this, [00:15:00] and spent this whole year building it.

Jeff Seibert: how do you advise founders on when they have enough data to make that pivot? Because you don't want to make it too quickly where it's like, whoa, hold up horsey, not enough data, but also you don't want to be too slow. How do you know when you have enough data to make a decision?

Harry Stebbings: That is the million dollar question, I'd say it's more of an art than a science. Like, you need to have a feel and an instinct as the founder of, like, do you see a path to success? if, sort of, the window's closing on your path to success with your current business, like, that's, to me, when you have to go pivot.

And a lot of super successful companies were hard pivots, right? Like, Twitter was a podcasting startup. Slack was a game. YouTube was a dating website. it's totally crazy. to me, it's like impossible to say like, oh no, stop Like that pivots too far afield you have to like have this sort of founder instinct And that's how great companies come to be The one thing I'd modulate that with is like you need at least a year of cash left Because if you don't have a year of cash, you're not [00:16:00] going to have time to see this pivot through.

And so it's really like, founder grit and enough cash. If those aren't there, return your capital. If those are there, I would go for it. That's how like, huge opportunities come about.

Jeff Seibert: I want to say a couple of things there. I always say like, do you have two to three experiments that you're still excited to run in this phase of the product? And if the answer's like, no, I'm kind of out, you, you have a real understanding that actually that, that could be a sign. And then second, is 12 months enough?

I don't mean to push you there, but I'm just intrigued on like, if you think about it, you need to raise six months ahead of time. That gives you six months to build and get enough traction to raise a, a price that's even a flat round to your last. Is that enough? Yeah.

Harry Stebbings: it is not easy. But I think it's rare that you would have more than 12 months of cash. Because like, usually you raise to have 18 months. And so by the time you figure out it's not going well and you need to pivot, it's 12. The big thing I would change from what you said is it's not an experiment.

At no point were we like, we're going to run two or three experiments. It is pivoting on a dime. You are all in on the new direction, and that is the only thing [00:17:00] that matters to your success.

Jeff Seibert: so when you advise founders on the right way to pivot, what would you advise them knowing all that you do now?

Harry Stebbings: Yeah, so the key is getting your team on board. If your team loses trust in you, you literally have no one to pivot, so it doesn't matter. they can really sense the uncertainty. my other advice, as I've said, is like, be very intentional and very decisive. And so both times we've pivoted digits, I gathered our core leadership team, laid out, like, what are the challenges?

What am I seeing? What are the options? we knew within 24 hours what the new path was and what the priorities were. We were all in on that new direction. it comes back to conviction, it is still a bet, but it's like, hey, here is the information we have on the field. We need to make a decision right now, because what kills companies is uncertainty.

And if you sort of muddle your priorities and have one team try this and another team try this, no one's heart is in it, and both are going to be mediocre. I would rather see founders take like one to the moon bet on one new direction and it either works or doesn't.

Jeff Seibert: Do you agree with the idea of disagree and commit? I find it [00:18:00] challenging. I don't think someone can fully commit to something and give their life to it if they disagree.

Harry Stebbings: I agree with you. I think this is the hallmark of great founders is you need to be able to convince your team and have the trust of your team to go all in on a new direction. disagreeing and committing in that scenario is like, okay, you might as well step back and like, let's just have a smaller team and really focus on this.

Because it's not going to be productive.

Jeff Seibert: Is there anything that you think are big mistakes that you see founders make when it comes to pivoting? Either that you made or you see angel investments make when it comes to pivoting?

Harry Stebbings: I think it's about this experiment thing, honestly. A bunch of angel investments I've made have tried to pivot. But I don't think they went all in on it. I think they saw it as a flyer that they'd try for a few months. And they didn't see it as life or death. And by the time they realized it wasn't really working, it was life or death because they didn't have much cash left.

and so you really need the conviction like day of to just sprint towards the new direction.

Jeff Seibert: I would also say, and this is desperately self serving as an investor, but like, as we said, the [00:19:00] runway is crucial. If you're a great founder, if you pivot and it's unsure, Most of the time your investors will back you just because they believe in you. If it's a surprise and they're finding out through an article or a tweet, it leaves a lot more doubt.

Harry Stebbings: a hundred percent. And so yeah, next to your team is obviously keep the investors informed and up to date, particularly your board. we're lucky to work with Peter Fenton at Benchmark. His clairvoyance on like where the large opportunity is. And just relentlessly pushing us to find that and adjust, like, on a dime is super impressive and I think hard to do.

Um, so definitely, like, keep your board tightly in the loop on this.

Jeff Seibert: Gotta admit, I've got a man crush on Peter. I do. I know, I, I, he knows it, I told him. my question to you is, what's been your biggest lesson from working with Peter?

Harry Stebbings: Uh, the power of really deep intuition and conviction. looking at a market from a very theoretical level. so one of the most interesting aspects when he originally agreed to do our A round. I sort [00:20:00] of asked him why afterwards, like, why he committed so quickly. And he said, well, it had flashbacks to Uber, because when Uber was going against the taxi industry...

The NPS scores on taxis was so bad, even if Uber was mediocre, it would still be way better. And he said accounting gave him the exact same vibes. the status quo is just so bad, that if you can make accounting, like, somewhat enjoyable, it doesn't even need to be delightful, you've already won.

And so his ability to distill these markets into these, like, very high level, crisp, understandable talking points is super impressive.

Jeff Seibert: you mentioned about kind of, uh, OpenAI and ChatGPT kind of, opening your eyes to the new possibilities that were available to you.

When we think about that, I'm just intrigued. Do you worry about A lot of your company being based on an external party's direction, development. It is unlike other times in that way.

Harry Stebbings: Yeah, this is such a special moment, and it, I'd say it vividly reminds me of the rise of mobile, which we rode in Crashlytics from 2010 to The Web 2. 0 transition in 2005 to [00:21:00] 2007. It's like these platform shifts are so rare, and I love them because that's where all the massive opportunities arise.

And so the key though, as a startup founder, is to be in a position to rapidly adapt to that new reality. And you need to be faster than your competition. So like, for five years now, I've run digits on a weekly sprint. Every week we get to decide what our direction is that week. And I have to say that's been critical this year, keeping up with all of the changes and evolution of the tech. no, I'm not particularly afraid of it. I love the energy of the tech world moving at a, huge pace. and so the key thing though is, this is technology. Like, we are viewing it as a tool. It's not life or death for the company. It's like databases and so on, it's just evolving faster.

let's see how we use it and it gives us more capability, but you ultimately need to stay focused on your customer and what problem you're solving, first and foremost.

Jeff Seibert: You said there it's kind of like databases or like a foundational technology that you build on top of. Will we see the commoditization of LLMs, do you think, Jeff?

Harry Stebbings: I certainly think we will. and this may not be a popular [00:22:00] position. Obviously, OpenAI is charging ahead, sort of leading the way right now. I think the market forces at work mean there's just immense energy to have an open source equivalent. Meta appears to be highly motivated to open source its work.

many folks want to run these themselves and tune them themselves and so on. That is hard and expensive today, but I can't think of another thing in time in history where something hard and expensive in tech has lasted all that long. it's going to be commoditized.

Jeff Seibert: Can I ask you, when we look at historical data on open versus closed systems, there are many examples, whether it's, Linux to your, Apple and Android. Traditionally, it's been the clothes that wins. Why is that potentially different today?

Harry Stebbings: I don't know if it's different. So the closed may win in terms of having the most advanced model. But I think the Apple versus Android comparison is exactly accurate. So you're going to have something proprietary that might be best because it can be fully vertically integrated. they control all the different variables.

But I think there's going to be an [00:23:00] open source equivalent or more open equivalent that's a very close second. And for many people and for many use cases, it's just as good. Um, so what I'm really excited about is I can't wait to see who becomes the Android to open AI. Like, who is clearly the, like, solidifies the second tier.

Jeff Seibert: Yes, I agree with you slightly on the commoditization of LLMs, but I think also we'll see the specialization of LLMs for different things. And actually, if you're a creative tool, hallucinations are wonderful. But for digits, I don't want you hallucinating with my numbers.

Harry Stebbings: Correct. Correct.

Jeff Seibert: I'm just my question to you would be like, you know, bluntly, do you think the best companies will leverage many at the same time or will it be one that we rely on?

Harry Stebbings: That is a really good question. so we built our ML team three years ago. We're training our own in house models. You're right, like, you can't hallucinate in finance. We've done a ton of work to make sure our math is always accurate. it'll be really interesting to see. every model has different strengths.

Like if you already look at Bard and versus GPT and so on and so on. My sense is there'll be a [00:24:00] very common popular open source sort of base LLM. and then tools to allow folks to fine tune it easily. what we've discovered is, while it creates, it takes so much time, data, energy, money, to train an LLM, fine tuning it can actually be done relatively straightforwardly, with a surprisingly small amount of data, as long as your data is very high quality and focused.

And so, imagine you basically have your sort of default Linux operating system, right? And then every everyone customizes their flavor of it for their product, market, use case, whatever it might be.

Jeff Seibert: When you say about the data size not being as important as the data quality, I'm always kind of interested, like, how do we think about the importance of model size versus data size? Because we are trained that data size is so important.

Harry Stebbings: Yes, at the base LLM layer, the data size so far has been very correlated with performance. And so, right, the bigger the models, the more data, the more parameters, etcetera, the better they do. Now counterpush of like, okay, can we compress them? Can we pull that back? Like, how do [00:25:00] we maintain the performance improvements without the size?

So I think that's a super interesting part of R and D. What I'm talking about is sort of the next tier of how do you fine tune the models, and that's where actually I think the quality of data is most important.

Jeff Seibert: I totally get you there. I always see it as like levers, which is like you've got latency, you've got cost and you have to have a trade off like anything on where you want to perform and where you're happy to have some form of degradation.

Harry Stebbings: And look at Apple Silicon, right? They've done an amazing job. Like, yes, they're fast, but instead of pushing the bounds on pure compute, they're pushing the bounds on energy efficiency, which for Apple's use case is critical. And so I think there will be a lot of really interesting R& D on how do you make these models maybe smaller and perform it in certain use cases.

Jeff Seibert: You said about kind of, individual cases where you'd fine tune on top of a core foundation model, a lot of investors today and do like. Honestly, 90 percent of companies that I see are like AI4 Wealth Management, AI4 Podcaster Album Artwork Creation. I'm not dissing it, but like, and [00:26:00] it's like three weeks old, and I'm like, that can't have been that difficult to build.

Harry Stebbings: Yes.

Jeff Seibert: my question to you is, what's the difference between a thin layer on top of one of these models and a thick wrapper with inherent value?

Harry Stebbings: Yeah, this is the real problem you're hitting on. So, startups are going to get killed because they're very thin wrappers. And I agree with you, most of what I'm seeing on the angel side right now are these very thin wrappers on top of OpenAI. if your primary product value is scripting GPT, that's a thin wrapper.

If you've built it in two to four weeks, that's a thin wrapper. key thing to me is like, we are in a hype cycle around AI. Much like potentially the hype cycle with crypto and other tech before it. all of these sort of fake use cases are going to get quickly washed out and replaced and commoditized.

it's really important to me that people view this as a technology. like your MySQL database. MySQL was very popular 20 years ago, right? Like, it was super cool what it could do. it's still cool, but if you try to go raise money on, you've built a form [00:27:00] on top of MySQL, you're not gonna be successful. in five years, that's what a lot of these are gonna look like. You need to really focus on the market and like solving a core problem.

Jeff Seibert: when we think about like founders today. Building in this environment. Who's vulnerable then? and what I mean by that is like, is it incumbents like Zendesk? Is it like high growth companies like, I don't know, Your Notions of the World? Or is it your startups? Or is it all of them?

Harry Stebbings: it's probably more startups. The one thing I would say is

Jeff Seibert Intro: I view OpenAI probably evolving more into an infrastructure company like AWS.

Harry Stebbings: they will host these models, they'll allow you to fine tune them, they'll allow you, they'll give you all these base capabilities. Uh, like you get with EC2 and S3 and so on and so on.

the big companies, the big incumbents that will be able to leverage that tech, I would doubt if OpenAI goes and builds like, an Ocean competitor or an HR or Salesforce competitor or so on. They probably want to stay at the more generic level. From the startup side, A lot of startups are getting killed.

it's funny, I use the term Sherlocked. I'm an old school Mac programmer. back in 2002, Apple [00:28:00] killed Watson with its Sherlock tool, and so the name sort of stuck. Um, there's a lot of companies getting Sherlocked because they're pretty incremental. And they're filling gaps in OpenAI's current product without realizing that like, yes, they're just on the roadmap, they haven't gotten there yet.

And so if you're working on a use case that's pretty horizontal, that like... OpenAI is going to need to solve within five years in order to scale. That's not a great investment, and that's not a good use of your time as a founder.

Jeff Seibert: One thing that I do think about, which I don't think people talk about enough, which is like, I completely understand the criticism of Google and Bard, But Google have access to compute and the ability to control compute pricing, whereas OpenAI are at the whims of, you know, Jensen and NVIDIA, to his, you know, smiling appreciation right now.

fundamentally challenging, no?

Harry Stebbings: It is very challenging. I, like,

Jeff Seibert Intro: the road ahead for OpenAI is not easy.

Harry Stebbings: what

Jeff Seibert: can you just help our can you just help our listeners understand? Why is the why is it important that it runs on device? you know, bluntly with their own silicon?

Harry Stebbings: and [00:29:00] so, yeah, so Apple of course is super focused on privacy. They don't want your data to leave the device. The only way to do that with AI is if you can fit a machine learning model on the device and keep all the data there. I bet Apple can and will. And so if you project forward five years, if they get to the point where they can run a sufficiently large LLM on your iPhone, then OpenAI is out of the picture.

You don't, you don't even need to hit their servers. It's just on your phone.

Jeff Seibert: hadn't thought about it, I'm like, uh, are you my broker? Can we buy some more apples? we load up on this one? Warren might've been right about it. But, I mean, some things get taken out of the show. So, my favorite is sometimes I'm like, Oh, fuck it. Just leave it in. ask you, how do you think about enterprise adoption now?

Cause I speak to some of the largest enterprises in the world and they're like, I'm not sending my customer data, my transaction data, to a model that is outside of our bounds. How do we think about enterprise control of very sensitive data in this world where they want to get the benefits but don't want to lose control?

Harry Stebbings: [00:30:00] two different thoughts here. This is a really good question. So they had the exact same reaction to cloud. if you go back 10 years, they were like, I would never put stuff on AWS or Google Cloud or Azure or whatever. That's ridiculous. Why would I share my data with those companies, right?

now it's just not only do they all do it, but it's actually better because those companies core competency is running data centers. Most enterprises have no idea how to operate a data center. I think this will go in the same direction, you'll have very clear guidelines around how the companies use the data for model training and it's off limits and so on.

And sort of that trust will be overcome. the other angle though, is there's also the danger of every enterprise jumping on AI because it's hot and cool. they all jumped on blockchain for zero reason, even though it did nothing. And like IBM is at fault. IBM was consulting, charging for services to consult on how to adopt blockchain into your enterprise.

That's ridiculous. again, to me, focus on your customer, your market, your product need, and view this as a tool, not a panacea. And adopt it strategically on like [00:31:00] what makes sense and where it's going to push the product forward.

Jeff Seibert: you said about IBM there, I think that actually AI implementation services will be one of the biggest categories in the next few years. Do you agree with me or do you actually think that enterprises will adopt natively?

It'll be fine. How do you think about that statement?

Harry Stebbings: think you're probably right in that it's a large market. To me, it's not a very interesting market. Like, yes, there'll be a lot of consulting to help enterprises adopt AI, and the products won't be that great, and they won't really make that much of a difference. What I see when you come to platform shifts is again, this opportunity for sort of a net new approach to really take over fast.

And what gets me excited is like, let's build real workflow automation for real people in massive industries that are outdated. Like, for example, accounting, like, are you going to trust Intuit to adopt this and totally disrupt their own product lines? Or do you think a new upstart is going to come in and do it better?

And that's where I'm excited to say, and like, pour energy into

Jeff Seibert: If we are totally honest, you have a couple more years in this game than me, [00:32:00] Jeff. Uh, my My question to you is you've seen transitions with mobile, you mentioned before, databases. I'm always worried about speed of adoption and speed of transition, and I always fear that it takes a lot longer than we think.

Harry Stebbings: Yes.

Jeff Seibert: When we think about the speed of transitions, will this be a slow transition or a faster transition than we give credit to?

Harry Stebbings: It'll be faster for a couple reasons. So if you look back at mobile, so the iPhone came out in 2007. They opened up the app store in 2009. By 2011 to 2012, a lot of people were using and building apps. And then enterprise adoption even lagged from there. So call it 5 to 7 years. with AI, there's no new hardware to buy.

So you don't need this huge purchase price, right? Locking out enterprises and people all around the world. You can just instantly benefit from it online. and there's no new UX pattern to get familiar with, right? You don't need to be used to carrying something around in your pocket, looking at a little screen, squinting at reading things.

they're chatbots. It's a very fluid interface. It does things for you. That [00:33:00] makes sense. And so, I actually think the adoption curve here will be radically faster. And industries will be disrupted probably way quicker than prior, tech waves. Just because of the barriers are so low.

Jeff Seibert: You said there about kind of the disruption inherent there. One thing that I find people kind of don't understand as well is like, everyone's like, oh, Google is so slow and behind. yes, but that golden goose is search, which produces some, I think it's like a hundred million a day or whatever it is.

They're essentially having to cannibalize their cool golden goose. What, what would you do if you, I asked Ed's trainer this actually from intercom, but what would you do if you were CEO of Google from here? You mentioned Apple's strong stance. What would you do if you were Google?

Jeff Seibert Intro: They need to go all in on it. I don't think they have a choice.

Harry Stebbings: I, I agree with you. I think it's existential for them. Because if AI replaces search, their golden goose has been killed. it is way more effective to kill your own golden goose than let and watch someone else do it. And again, I mean, going back to Apple, it reminds me of the iPod Nano.

Apple killed their most [00:34:00] popular product. actively killed it, because they knew there was better tech coming. And I think Google needs to get bold and do the same.

Jeff Seibert: How do we feel about the cost of compute changing over time? You know, right now it's actually, we mentioned that kind of cannibalization, cost of queries is significantly higher with, you know, models than it is for search today. How do we feel about cost of compute and cost of query? in the next three years.

Is it traditional Moore's Law, is it faster, is it slower?

Harry Stebbings: What has been interesting to see is it's very clear the top models are memory bound as well as CPU bound. So you can't just make the CPUs the GPUs faster. You need to increase memory bandwidth on par with that.

And OpenAI actually shared a tech talk a few weeks ago that talks about how they were tuning their data centers like this. Um, so it's going to be new challenges for NVIDIA, for ARM, for these chip companies to really unpack. I would bet on the pace of technology. It will get a lot faster and a lot cheaper, very, very fast.

Jeff Seibert: speaking of kind of the price per query there, I think pricing is this undiscovered element of this next generation. [00:35:00] Traditionally, we've had per seat pricing in the world of SaaS.

Will we continue in a world of per seat pricing? Will it be consumption led? Will it be project led? How do you see the future of pricing in an AI world?

Harry Stebbings: So this may be just me, but I, I very much see AI as a tool, not a product. And so it's a, it's a technology. It's like your database. It's like memcache back in the day. And so because of that, I don't think it'll change how people price in specific industries. Like if your market does perceive pricing, that'll probably stay.

If your business and product does consumption pricing, that'll probably stay. And you'll have to work that into how you use the AI. I think it'll be commoditized and seen as technology within a couple years.

Jeff Seibert: so you mentioned there the word commoditized. I'm really interested when it comes to the data itself. Sorry, my mind just jumps around. It's Friday evening. It's dark.

Harry Stebbings: All good.

Jeff Seibert: know, just roll with me on this one, Jeff. You mentioned the challenge in terms of acquiring clean data earlier. How challenging do we think it is for companies today to acquire high quality clean data?

Is it [00:36:00] as proprietary a defense mechanism as some suggest it is?

Harry Stebbings: It is extremely challenging. And what's interesting is the counter reaction. Because you're seeing Reddit, Twitter, etc, shut off APIs, put in more strict rate limits, etc, etc. And so the whole world is starting to lock down data. Which was counter to the trends over the past 20 years when everything was being pushed more and more open and API accessible and so on.

And so I think there's been a clear realization that the data is valuable. And that's one of the things like we've been really focused on at Digits is we have a proprietary data set of 100 million financial transactions. And that's what we can train on and make sure our finance and bookkeeping AIs know what they're doing.

Um, so I do think the data is really, really important.

Jeff Seibert: in terms of permissioning around training, for, you know, healthcare companies that, you know, have patient records for you, which has obviously financial records, do you need permissioning on an end client basis to be able to use their data for training?

Harry Stebbings: You do, and this is, usually sort of broadly captured in the terms of service. Um, [00:37:00] having access to your data to improve the product. And so we do not share any of that data externally. We train our own models internally on the data. but that does allow us to improve the product for you and make your accounting better.

Jeff Seibert: I'm pretty sure that one day Tim Cook's just gonna come and take one of my children and say that actually I, I, I ticked the do you agree in, in, you know, 2004 and now I've lost my kids.

Harry Stebbings: Well, let's step back for a moment because it's not entirely a joke. So,

Jeff Seibert Intro: Google

Harry Stebbings: Photos. Potentially one of the most strategic products ever launched because it allowed Google to collect the world's largest library of photos ever assembled, and that's how they were able to train their early vision models and so on.

Jeff Seibert: I wasn't aware of this, they're able to use the photos that you collect in Google Photos for their training models?

Harry Stebbings: Yeah, presumably.

Jeff Seibert: impressive. Why doesn't Amazon just buy Anthropic? look at Amazon's play here and I'm like, it'd be quite an easy buy, I'm respectfully at 4 billion, whatever it is, it's a minimal amount of market cap for them. That seems like a wise acquisition though. What would you do if you were in Amazon's place?

Harry Stebbings: that is super [00:38:00] interesting. I would be very nervous about the OpenAI Azure partnership. And of course, Meta just made a big deal about partnering with Microsoft as well. So, I think you're right. I would look to aggressively move into the space and acquire something to bolster AWS.

Jeff Seibert: which incumbent do you think is vulnerable from the top incumbents in terms of like, you know, your Apple, Amazon, Facebook, Google, Because we've just said Apple actually have a huge opportunity, they're behind but huge opportunity. Who is vulnerable?

Harry Stebbings: I think Google's by far the most vulnerable. Because, again, their business model is pretty binary, right? Search is all their revenue. And so if that gets damaged, they're in a huge problem. And they've been slow to react. They combined two different ML AI teams. They've just punted Gemini into Q1, which tells me it's not doing very well.

Uh, so I would be nervous.

Jeff Seibert: final one and then I will move on from, I'm loving this, but like every scale up is introducing an AI product, are they all just kind of like jumping on the topic du jour? Dropbox,

Harry Stebbings: and one of the funnier ones to me is Dropbox. Dropbox has a built in AI, and I don't know, [00:39:00] I mean, I'm sorry, Drew, but I just want Dropbox to store the files. Uh, so I think there is a bit of a sort of bandwagon, ride the hype wave aspect.

Jeff Seibert: Dropbox, Dropbox Dash.

Harry Stebbings: what is fun, though, is obviously it's a lot of experimentation. So all these companies are trying things out and seeing what works and what sticks. And so the industry is going to learn a ton over the next 12 to 18 months on like where it's appropriate to use AI and where it's sort of just a useless add on.

Jeff Seibert: on the startup side, do you think 90 percent of investor dollars going into early stage companies today will go to zero?

Harry Stebbings: Oh yes, likely. isn't that always the case though? Has there been a period where that has not been the case?

Jeff Seibert: Yeah, I think so, actually. I think this is a gross over exaggeration on the mortality rate of startups, which is like, going to zero is actually rarer than people give credit for. It could be half your money back, it could be a 1x, whatever it is. but it's actually rarer than zero and a company's killed overnight.

Harry Stebbings: So I actually have some data for you. I'm more than happy to share this publicly. so since 2014, I have angel invested in 97 startups.[00:40:00] and I just did the count. So far, 30 have failed outright. about a third. Another 19 are still at 1x. So basically haven't gone anywhere. and if you look at the overall portfolio, really it's like 10 of them matter.

but what's crazy to me is, again, 2014, 9 years of data, still the vast majority of the gains are on paper, and it depends how these 10 do, on how successful the portfolio is.

Jeff Seibert: you have just opened up treasure trove questions for me here. Um, do you have cashback on many of them?

Harry Stebbings: Uh, no, very few have returned. a handful gave cash back, but... Or are you talking about on paper?

Jeff Seibert: I know I'm saying like actual cashback, like DPI.

Harry Stebbings: oh, very, very few. yeah, the, the time range on seed investing on the angel side is just, is like a decade plus.

Jeff Seibert: Okay, so we have that. In terms of the top ten, do you trust the book values?

Harry Stebbings: I do not know. and I think a lot of them are basically holding at their 2021 valuation whenever the last round they raised was. And it's nowhere close to the reality. I do get data [00:41:00] from the secondary markets and so I can see with some of them like where they're trading versus where their last preferred round was.

it's a bloodbath. it's like down 80 percent for many of them. so I think it'll be really interesting.

Jeff Seibert: What do you do if you're a founder who's sitting on a price that's just untenable?

Harry Stebbings: That is a really tough position to be in and I think you, you don't want to get there. Like my advice has always been be really disciplined about each round and what you give away and terms and so on. if you're in one of these boats, I would look to like, recap if you can, really focus on growth, trim expenses, length and runway.

it's going to be big shoes to build into.

Jeff Seibert: so of those ten, would you do secondaries in any of them? Like, how do you think about liquidity planning?

Harry Stebbings: I have actually, um, so I've done secondaries over the time. And that's actually been my most successful outcome so far. was via secondary. It's like waiting for them to sell. I've unfortunately had the opposite, uh, happen where a couple of my early investments went on to IPO. And so we're extremely successful.

But then [00:42:00] during the six month lockup window went almost to zero. And I couldn't exit almost anything. I've actually had more success selling on the secondary market pre IPO than I have had actually waiting the whole time.

Jeff Seibert: I mean, that is just the ultimate pain, isn't it, when you wait ten years, it IPOs, and then you can't do shit, and then it goes to zero, you're like, Ah! Ah!

Harry Stebbings: it is crazy. I mean, I understand why, but I don't understand why small time angel investors should be locked up for six months.

Jeff Seibert: and my question to you is when you look at the, uh, the cohort, 97 companies, uh, nine years, what do you know now on angel investing that you wish you'd known when you started?

Harry Stebbings: Yeah. Big lesson learned is no matter how great you think the company is, how great you think the market is, how great you think the founder is. It is still damn hard, The odds of success are very low and you can't get too cocky. So on two of them, actually two of my biggest failures, I was so convinced.

I was like, this is a no brainer. This is going to be a huge home run. I'm going to put in way more than I usually do. Usually I try to stay pretty disciplined [00:43:00] on check size. both of them went to zero. what can you

Jeff Seibert: Well, okay. Well, okay. So what gave you the confidence in those companies?

Harry Stebbings: It was, seemed to be a very impressive founder. To me, a very obvious market. I won't name their names, but I was like, Hey, just like solid execution here should be a clear good outcome. and there's just too many variables at play over the course of the startup journey. And you don't know everything, like as an angel, you don't do that much due diligence. So it's hard to fully understand. And so my advice would be just like, be very disciplined. It's like do a bunch of deals. Cause you need a portfolio and put the same amount in every time and average it out.

Jeff Seibert: I'm so with you, the idea that you have more conviction in one versus another at an early stage, in particular, totally wrong. You also get known for writing a certain check, I find, like, oh, Jeff's a 50k writer, if you do 500 and then 50 or whatever it is, it's like, woah. also don't buy traction. And what I mean by that is like, I, dude, I was in Clubhouse, I was in Hoppin I've been in some of the massive spikes. Traction doesn't mean sustainable.

Harry Stebbings: that is very key [00:44:00] advice. Yes. Totally agree. Um, on the consumer side, I'd say real traction on enterprise software. Okay. Potentially more sustainable.

Jeff Seibert: Totally. But it's generally less. That you might get to 10 million ARR in 18 months, which is amazing, but it won't be like,

Harry Stebbings: Right. It won't go vertical.

Jeff Seibert: Yeah. what's been the biggest hit for you and what's been a lesson from that?

Harry Stebbings: Oh, man. So, okay. So this is all true. this was ten years ago. A college friend of mine was prototyping what was gonna be a new teenage social network, and I invested 10k. I was like, the guy's smart. Let's see what happens. he eventually pivoted that into down to lunch. Which did well for a bit and then failed, unfortunately.

Then he pivoted that into crypto, but not, uh, the coins. He started and launched Alchemy, which was like an Ethereum dev platform, dev tool thing. And at the height of the Bitcoin boom, I exited on the secondary market for 200x. Heh heh heh.

Jeff Seibert: Holy shit.

Harry Stebbings: lesson learned there, nothing. founder's grit and [00:45:00] mentality, and you can't back the early idea and think that that's gonna be it.

Jeff Seibert: Did that pay for all the other angel investments,

Harry Stebbings: Yes, so that is why on paper, and like, and, and in terms of cash returned, I'm actually in pretty good shape. But yeah, it's remarkable how, how the outliers outclassed the rest.

Jeff Seibert: but doesn't that also tell you one other takeaway, which is market timing.

Harry Stebbings: Yes. and getting in very early at a very low valuation.

Jeff Seibert: that's another great lesson learned for folks, actually. So I had the opportunity to take some money off the table in a deal. So I got a 3x return, right? Return cash in the bank, 3x return. On paper, it's gone on to do another 10 to 15x, but I'm worried that valuation's fake. I don't think it'll ever return the remainder.

Harry Stebbings: So, I only sold some of my shares, but that might be the only cash I get out of the deal.

Jeff Seibert: how do you feel about investors asking for cashback? Some people are like, you can never do that. You believe in the founder when you invest. And others are like, it's entirely reasonable to say, Hey, Jeff, like we both know this isn't working. How do you feel about doing that?

Harry Stebbings: question. So, I am [00:46:00] biased, obviously, by the founder side, but I think it's very scenario dependent. So, if the founder is still, like, excited, the team is there, they have grit, like, I don't think you can ask for cash back. I think, like, you want to bet on the founder, like, let's see where it goes. If the founder's clearly wavering, if there's performance concerns, if there's been a pattern of bad decisions, then maybe there's a clear scenario and case for it.

But in general, I would bias towards supporting the founder.

Jeff Seibert: sometimes founders actually feel like they just have to keep going. One thing I have to ask about as well, everyone has actually, I'm sure, had fraud in their portfolio in some way or another.

I don't think we've seen the tip of the iceberg of it coming out. Do you agree, or do you think I'm over exaggerating?

Harry Stebbings: No, I, I think a lot of valuations will still crash from here dramatically. Um, and there's probably gonna be huge layoffs going into Q1, Q2 as well. What'll be really interesting is the number of companies that raised and have sort of struggled through 2023. But now we're down to six months or so of cash.

I think next year could be very [00:47:00] tough, because they're not all going to be able to raise follow on around.

Jeff Seibert: What happens to talent migration? And what I mean by that is like, you know, you have some amazing talent within large companies and like high growth, but highly valued companies. Do they optimize for safety and stay in the well paid job, or do they go, I'm in a company that's way overvalued, I should leave and do something.

Which side do you err on?

Harry Stebbings: Yeah, this is a great question, because a lot of folks, you're right, are trapped in companies with high valuations where their options are likely underwater.

Jeff Seibert: Yeah, but, but it is safer than just starting something new.

Harry Stebbings: Right, and so it probably is safer than starting something new, but it's not safer than switching to an earlier stage, sort of growing company.

Where you're going to have real options and a real impact I actually love sort of down markets because I think in the very hot markets It's too easy to raise capital and you peel off all the sort of like, fantastic second engineers or product managers or designers or whoever they might be and they go get funding and start something and that actually blurs, it [00:48:00] stretches the talent density across the entire ecosystem versus in down markets you can build higher talent density because it's harder to raise your own money.

Jeff Seibert: So you think we'll see a migration from later stage to earlier stage. Will comp be aligned though? Because that's the big problem, they just pay well.

Harry Stebbings: This is the problem. You're right. And that's probably the counterforce. Is all of these big companies who raised huge rounds in 2021 have high salaries. if you switch, you'll get more equity but way less cash. And so that's probably keeping folks where they are.

Jeff Seibert: and so will they stay? People like cash. People are trained that cash is now king, right? You know, Ray Dalio is going, Uh, cash ain't trash no more.

Harry Stebbings: It's very true. It's very true.

Jeff Seibert: Final one, but like, and it's, it's a shit question. I can't believe I'm asking it. But like, you know, from the 97 angel investments, is there anything non obvious that you see in terms of patterns from the most successful founders? I know it sounds strange, but one that I see is often the most successful founders moved a lot in early childhood.

Harry Stebbings: Oh, fascinating.

Jeff Seibert: And why, why does, why, if you theorize around [00:49:00] that, the theory is that actually you essentially have to constantly reinvent yourself to align to cultures, societies, friendship groups, and you're constantly understanding nuances, intricacies. the idea. But that's one that I've found.

Harry Stebbings: I don't have a good of an insight as you. I'd say looking at my portfolio, it's not even necessarily the most techie founders that are successful, but the most sort of customer obsessed and just like really deeply personally understand the market and really want to solve it and usually have some pattern in their background like Their parents were in a sort of adjacent space or something where they've just felt this like personal identity come to bear on what they're doing.

and I think that gives you like an extra push, an extra drive, an extra grit to make it successful,

Jeff Seibert: listen dude, I want to move into a quick thought. I've so enjoyed this. So I say a short statement, you give me your immediate thoughts. Sound okay?

Harry Stebbings: All right, let's do this.

Jeff Seibert: So what do others not know that you know to be true?

Harry Stebbings: Runaway climate change is less than ten years out.

Jeff Seibert: What do you mean runaway climate change?

Harry Stebbings: just a [00:50:00] self building cycle of higher temperatures and, catastrophic storms and droughts and everything.

Jeff Seibert: And so we just accept this new reality?

Harry Stebbings: No, I think we're too late, and like, I funded climate change films fifteen years ago. it's still shocking to me that this is not, like, the singular top priority in any political campaign in the entire world.

Jeff Seibert: but then do we just accept this new reality of storms and unpredictable weather patterns and

Harry Stebbings: yeah, I don't, I, I don't think you can't accept it. It's going to happen. And so the real question is, what are we doing about it, and which countries is it going to completely impact way more than others? Um, so it'll be really challenging.

Jeff Seibert: being, uh, realist, I, I think it's something like, if China hit its emissions goals for a year, it would be the same as Canada hitting them for twenty six.

as much as we would like to, does it even matter if you don't get China on board?

Harry Stebbings: yes, the impact is unfairly distributed, and the cause is unfairly distributed. that's why it's basically a tragedy of the commons. And so economically, it's like, how do you motivate that on a global scale?[00:51:00]

Jeff Seibert: Do you not also feel slightly for emerging economies in terms of like, you know, for years you've downtrodden us and beaten us to a terrible way of living and finally we're increasing our, you know, standard of living and now you want to, focus on other priorities, increase tariffs, we're still scaling the pole of starvation.

Harry Stebbings: Right. Exactly. And they haven't had the time to catch up and drive efficiency and technology and so on. the whole thing is unfair. Yes,

Jeff Seibert: I'm asking the tough questions.

Harry Stebbings: you are. It's turned into not a quickfire round.

Jeff Seibert: Yeah, I know, I know, I was fuzzing, but dude, you gave me such a good one there. Most people give me shit on that question, I'm like, alright, alright, this is good. tell me, you can be CEO of any other company for a day, which company do you be CEO of and why?

Harry Stebbings: All right. Well, this is for one day. So I would go be CEO of OpenAI just so I can see the roadmap and then I'll know what to do from there.

Jeff Seibert: next one, most controversial view that you have today?

Harry Stebbings: Ah, so I would say actually AI won't replace many jobs. I think actually it'll drive productivity, not replacement. [00:52:00] And it'll be like other technologies that have come out, like phones didn't replace people, now you just use them and you can do business from wherever. I think AI will let you get a lot more done in a lot less time.

Jeff Seibert: Why do you think the popular narrative is that it will? Is it because we like to be scared?

Harry Stebbings: Yeah, we like to be scared. We like to be terrified. So there's this concept in economics called the lump of labor fallacy. It was literally from the late 1800s. And you can look back, there's newspaper articles in the New York Times from the 30s being like, we are going to be replaced by robots within the next decade.

And it's like, nope, that didn't happen. And it just marches forward every decade. There's a fear of the new technology coming in. People hated 70s because they thought it was going to take over and replace them. And so it's just, it's this fallacy.

Jeff Seibert: Heh.

Harry Stebbings: being a math teacher back in the day with the advent of calculators? You would think your entire job is useless.

but what's the right way to view competition, Jeff?

Ignore them completely. Focus on the customer.

Jeff Seibert: Really, I'm always like, it's helpful just to be aware of the [00:53:00] other boat.

Harry Stebbings: I don't think so. It's like, be really aware of the customer pulling you and like, make sure you're going in their direction as fast as possible. And as a startup, maybe if you're a giant Goliath, you should start paying attention to some competitors, but as a startup, the market is way larger than you could possibly capture this year.

So like focus on your customers. I think a lot of product managers get too distracted watching the competition and they don't have a vision for their own product.

Jeff Seibert: What's the best piece of advice you've been given?

Harry Stebbings: Oh, man. 24 hour hypothesis. when your team comes to you with a question, you need a decisive answer within 24 hours. if you're slower than that, you're not moving fast enough.

Jeff Seibert: What if it truly needs to be incredibly thoughtful, like the strategic direction of a company, or really, like, or structure, redesign?

Harry Stebbings: yeah, so this is where I go back to one of Bezos letters, type 1 versus type 2 decisions. The vast majority of type 2 decisions, they're reversible. you can undo them. what I would say it is on net, it is way better for [00:54:00] a startup to be moving in a direction than the absolutely perfect direction because you can keep refining that going forward.

But if you pause on a decision and you're like, give me a week, what do you, what do you want the team to do? and this was one of the biggest challenges Twitter faced internally back in the day was just complete indecision from leadership.

Jeff Seibert: I think we constantly underestimate the value of just activity. I look back, but like the early days of doing these shows, I wasn't so good, the topics weren't so great, the questions weren't so great, but I learned and I iterated the shows developed, evolved guests got better, worse, whatever, but like activity drives progress.

Harry Stebbings: hundred percent and learning. If you're not moving, you're not learning. So what are you going to do differently?

Jeff Seibert: So if you're not moving, you're not learning. What did you believe 12 months ago that you no longer believe?

Harry Stebbings: Twelve months ago, I thought useful AI would be years away. No longer think that.

Jeff Seibert: it is amazing to think of the speed, Like, it's not even been, like, a year since the evolution of, like, the next gen.

Harry Stebbings: Totally.

Jeff Seibert: Jeff, ten years. Yeah, I mean, we met, like, eight years ago, I think it was.[00:55:00] So, if we take, like, the amount of two years, so 2033, where are you then?

Harry Stebbings: So keep in mind, there's going to be some runaway climate change. I'm going to be off growing obscure wine grape varietals in a cold climate.

Jeff Seibert: Where will digits be?

Harry Stebbings: Digits will be the new de facto accounting platform. we're really, really excited. We've built basically a completely object oriented, real time, AI driven approach to finance to make it really intuitive for startup founders to understand their finances as the business happens, not three weeks late on a PDF.

Jeff Seibert: Jeff, I've absolutely loved this. This has gone in so many great directions. thank you so much for being so brilliant, and it's been a highlight of my week.

Harry Stebbings: I love it, Harry. This was super fun. Thanks so much for having me on.

You

Scarlett 2i2 USB-10: I think what I love so much about that show was just the natural rapport and conversation there. I think you could tell that it was very much unscripted. It was such a joy to do that with Jeff. I want to say he silenced him for the friendship over the many years and the partnership. Now it digits I really do so.

Appreciate it. If you'd like to see the video of this [00:56:00] episode, then you can check it out on YouTube by

Marker

Scarlett 2i2 USB-10: searching for two zero. zero. VC. That's 20 VC on YouTube, but before we leave each day,

HARRY ADVERT: There is no shortage of helpful AI tools out there, but using the means, switching back and forth between yet another digital tool, what was supposed to simplify your workflow just made it way more complicated. Unless of course, you're in notion, notion, combines your notes, docs and projects into one space that simple and beautifully designed, and you can leverage the power of AI, right inside notion across all your notes and dogs without jumping between your work and with. With a separate AI powered tool automate the tedious tasks like summarizing meeting notes or finding next steps, freeing you up to do the deep work.

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Scarlett 2i2 USB-11: As always, I so appreciate all your support and stay tuned for an incredible episode on Friday, where we're going to be bringing together a couple of different episodes, combining thoughts on will alums be commoditized. What will the pricing model for AI be in the future and which incumbents will be the winners and which will be the losers.

That'll be such a cool episode today.