

Sam Altman & Brad Lightcap @ OpenAI

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It would seem to me that 95 percent of the world should be betting on the latter category, but a lot of the startups have been built in the former category. when we just do our fundamental job, we're going to steamroll you,

Scarlett 2i2 USB: This is it. This is the show with Sam Altman and Brad light cap, a CEO and COO at open AI. One of the fastest scaling companies in history. Now with a valuation of \$90 billion and revenues of over \$2 billion, they are the company on a mission to ensure that artificial general intelligence benefits all of humanity, one of the most impactful companies of our generation.

And I'm honestly just so proud to release this show today. And you can watch the full episode on YouTube by searching for 20 VC. And we [00:01:00] recorded this show in person in London last week. And so that video is incredible.

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Harry: Guys, I'm so excited for this. I've wanted to do this for a long time. Also, this is the first time that you've done an interview together.

Sam: it is. Yeah,

Brad: that's right.

Harry: This is gonna be the most unique interview then that you've done together, so this is very exciting.

I wanna start, I spoke to many mutual friends before and they said, we've gotta start with context. Sam, what gave you the conviction [00:04:00] to, to do this seven years ago?

Sam: I think there were two things that seemed, well, I've been interested in AI since I was a little kid. And I studied it at college, nothing was working. But when we started, there were two things that seemed really important. One, deep learning seemed to actually legitimately be working.

And two, it got better with scale. we didn't know how predictably it got better with scale at the time, but it was clear that like bigger was better. And that seemed like a remarkable set of things. And the confusing thing to us at the time was like, why does everybody else not see this and why everybody else not jumping on it, but they weren't.

And so we wanted to do it.

Harry: Can I ask, when there were those moments of doubt from everyone else, which there were across those years, what gave you the conviction to stick at it when, very few others had that same confidence?

Sam: it just seemed to us like it was gonna work and we kept making progress. I would not call it blind faith, although there is some amount of you just, you got to believe you can do a hard thing. But it felt really important to us to do this, that if we could do it, it would be, you know, hugely meaningful, to the world in some way.

[00:05:00] And that it might work. Like we had an attack vector we believed in, and then we had continued data that the approach was working. Of course, the specifics took a long time to figure out. You know, we did not start off doing language models, obviously, but we kind of knew that if we could keep doing things that we previously thought were impossible, that was somehow a good sign for progress.

And we had this like fundamental conviction on the approach and the attack vector at a very high level for a very long time. And the details took a long time

to work out and many brilliant discoveries by our colleagues. But there was never any doubt that AI would be a big deal if we could do it. So that's helpful.

Like it's going to be really valuable. The approach we got successively more confident in, although it did take some wandering in the, in the jungle for a while, or the desert, whatever that phrase is. Um, And then, you know, it's like, if you believe something with high conviction and everybody else doubts it, it's like slightly motivating.

Harry: It's

Sam: kind of annoying, but it's slightly motivating.

Brad: I

Harry: I mean, as a VC, that would be contrarian, which is not what we do because we're sheep. But I do want to start on, on actually the [00:06:00] relationship that we have here, because it is such a unique partnership.

And again, we said this is the first time you've been interviewed together. How did the partnership come to be? Brad, why don't you tell me that?

Brad: Sam and I've worked together a long time. And we spent a lot of time at YC looking at this batch of companies that was starting to hit the growth stage that were these really deeply technical projects, nuclear fusion reactors, quantum computers, self driving cars, satellites, things like that.

And I was kind of focused on those those companies from an investment perspective. And open AI was kind of the first company I saw that I was like, you know what, like this one's kind of unique because it kind of just seems to be getting better over time. It's not this kind of binary risk.

And I remember pointing that out to Sam and saying, I think there's something that's going to be different about this company as compared to some of the other companies that we were looking at at the time. And I ended up spending more time with Greg and Ilya and the properties that Sam describes of.

These systems just getting better with scale at first kind of unpredictably and then more predictably. I thought that was just so unique and I think we kind of saw the same thing, maybe somewhat from different angles. I saw it mostly from an investment [00:07:00] perspective of, if that's true, this is going to be

really important just as an investment outcome, just as something that's going to have real impact on the world.

And so I really felt that kind of conviction early on and I just wanted to help any way I could.

Harry: Did you have that plan that you wanted to join full time? Like, when did that come into fruition that you wanted this to be your mission for the nice multi-decade?

Brad: wasn't at first. I actually was mostly just trying to help Sam recruit a CFO. That's true. I beat him there. First time I've beaten Sam on anything, but

Harry: Just take it as a

Brad: Yeah, exactly. Um, But no, I, I was trying to help him recruit and at the time no one wanted the job. I asked probably 25 people if they would want to be CFO of OpenAI, which at the time was just a, a small kind of non sleepy nonprofit.

And I went over 25 and honest to God, the reason I'm here is because I was so embarrassed to come back over 25 that I said, you know what, why don't I just help out nights and weekends? and that, that turned into full time very quickly.

Harry: I had no idea

Brad: yeah,

Sam: I was sort of doing like half my time at OpenAI, half on YC. Yeah.

Harry: when did you go full time YC then Sam?

Sam: It was kind of like a [00:08:00] gradual ish process, but I think like by the spring or summer of 2019,

Harry: Okay, so Brad beat you to OpenAI. I think that great partnerships are about complementary skill sets.

Sam: for sure.

Harry: And so I wanted to hear from each of you, like an all star Mr. and Mrs. Like, what is Brad amazing at that the world doesn't know?

Sam: one sign of like a good partnership, I'm thankful to have this with like a lot of the key. people at OpenAI. Certainly Brad is like, if you can't do each other's job, you know, maybe Brad could do my job for a week. I certainly could not do Brad's job for a week. And

I think that ability to divide up as a team and have a very high bandwidth communication channel with each person and all together as a leadership team is super important.

Brad is good at a lot of things. One is adaptability. Brad joined to do finance, obviously, and now does something, I guess it's like in the sphere of finance, but very, very different. We didn't have a business at all, or we didn't have an appreciable business until very recently.

And when it [00:09:00] became clear that we were going to have a very fast growing business I kind of like looked around and was like, we really need somebody, we got to, we got to get someone to do this. And I kind of like looked around the room and I asked Brad to do it and it was, and he was just like, okay, I'll figure it out.

you know, I might need like a little bit of time to get up to speed, but you know, I've done like business ish stuff before and can go like build all this out. so the, the willingness to just like take on new challenges at each level of company scale. and figure it out as you're going.

Brad is super great at. And then the other one is, well, I'm like financially illiterate. So all of that seems amazing to

Harry: seems amazing to

Sam: but, but,

Harry: to build out a new product category and go to market function around that takes a very wide array of skills and a great deal of patience. And sort of, like a customer obsession from a product to a business model to a, how we're going to deal with customer support and everything else that goes around that.

Brad: And Brad's ability to see the whole picture of that and how it comes together so that, we're

Sam: here today at [00:10:00] this enterprise sales event . I think if you had said a year ago, we're gonna be like a great organization, well, not yet a great organization, we're gonna even be a very good organization at doing you know, an enterprise go to market function, I would've said, very low chance that that's gonna happen.

And now we have a pretty good one.

Harry: If we flip the tables though, what would you say is Sam's biggest strength that not many people consider or know?

Brad: I'm not going to

Sam: you can say none. That's fine.

Brad: Um, I'll, I'll say two things they're interrelated. One is I think at any given point in a company's life, there's only like one to three things that really matter at that point.

Those things change, but there there's almost never 10 things that really matter. And I think Sam has an incredible ability to be. focused on those one to three things. And that spills over into how we run the team. Because if I know what he's focused on and we may disagree on what those things are, oftentimes I think we agree, but If we can at least align on what those things are, and they may not be the right global bets, [00:11:00] but they are the ones that feel the right, right at the time, then it helps me to translate down to the teams that I'm building on, you know, whether it's to, that we want to be you know, more enterprise focused, or it's that we want to really actually change the bet we're making on research, or we actually want to bet more on one thing versus another um, or we really need to get this thing right.

It helps keep us moving very fast. And I think that's kind of the key to. to kind of maintain velocity at scale that most companies start to lose inherently is the number of things and what the perceived number of important things are goes up. And the second thing I'll say is just a long, like a very, like longterm future orientation.

And. You kind of have this like idea that you're running at this thing that's like really far out there. process of just defining what those one to three things are, by the way, that's most important is really just a function of trying to figure out what the one to three things are that are the fastest accelerants to get us to that point.

And Sam's has this like maniacal focus on that future world. My job is just to, to fill in everything in between.

Sam: what are the one [00:12:00] or two things that you think are most important to you now, then? are a lot of AI orgs in the world that can copy what other people do. Like once you know something that's possible, once you kind of know the rough shape of it, once you know that people want it, that's not so hard. It's really hard to figure out how to do something new for the first time.

And to do that consistently over years, and hopefully if we're lucky enough over decades, building a research org and a product org And a whole company that puts these things out in the world, because we also innovate on business models and anything else, this culture of repeated innovation,

so that we're not just making GPT 5 amazingly great, but 6, 7, 8, whatever we're going to call those things, we won't keep numbering them like that at that point what, making sure that we're set up to do that, from a thinking about where the researchers can take us, what that means for where the product's gotta go, what that means for where the whole company has to follow.

That's a big one.

Brad: What are the biggest things that will prevent

Harry: AIs? Decision making, innovation.

Sam: I think we have the best researchers and best [00:13:00] research culture that I'm aware of in the world. If we lost either of those things, that would be really bad. Not having enough compute resources would be really bad. we, we love doing cool research because scientific advancement is like the coolest, most exciting thing in the world.

But really, we're here to like do useful stuff for other people. And if we do the best research in the world and then we make it as efficient as we can, but we still don't have enough compute to provide it to everybody on earth who wants to use it and is gonna want to use it so much more as these models get way better,

Brad: That would

Sam: get in the way.

That'd be really bad. So, the second thing I was gonna say for Priority is is thinking about how we get enough compute to fulfill the demand of people who want to use these.

Harry: How do you think about answering that? I know it's the holy grail question.

Sam: Uh, That one I probably won't answer in front of a camera, but I am optimistic. By, by treating that as a whole system problem, I am optimistic we will really surprise the world on the upside.

Harry: Can I ask on the decision making, how do you guys make decisions between the two of you? How do you determine what to get delegate versus what not

Brad: And you'll probably just hear [00:14:00] me repeat that phrase, but things that are. Kind of specific to or even tangential to the most important things.

We really spent a lot of time on uh, as an executive team, as a leadership team, trying to make the right decision around, sometimes it's obvious, sometimes it's not everything else gets delegated. So, I probably make 10 decisions a day that don't go to Sam cause they're not the most important thing.

But we will spend an entire executive team meeting on one thing. And then we'll spend the next meeting on that one thing. Uh, If it's really the most important thing.

Sam: maybe

Harry: agree with the saying that it's like one or two decisions a year to find a company? Or do you agree with the, you make ten decisions a day, and actually it's all about the incremental little decisions that add up to the progress of a company. I'm always stuck between both mindsets.

Brad: one of the things that I loved about being an investor was that job is really a job about one or two decisions a year or maybe one or two decisions a decade. And an operator role is definitely not my natural, this is not my natural place in the world, by the way, but in an effort to get slightly better at it. One of the things I have learned is that. It is true that there are only a handful of strategic [00:15:00] decisions. It feels more like one or two a month than one or two a year, but it's not like that many, like big, like here is the, here's the what decisions, but the, like the, how decisions there are a lot of those.

Sam: And I think people who claim there are not a lot of those have not tried to run a strategic plan. complex company before, because it would be ridiculous to say that any CEO makes one or two decisions a year or a month. It is really nonstop, but there's a difference between like the big, like

we're going to do chat GPT or we're not going to do chat GPT.

And then the, like, to make that successful along the way

in the spirit of making that one decision, a successful Here are 000 little things you have to do along the way.

Brad: way. Why didn't you pick one more?

Sam: I mean, I'm manifestly not I was very happy. Well, I had a lot of fun being an investor. it was not a fulfilling job for me. But it's a very fun one. all of the like things that people say to make fun of investors are somewhat true, like for quality of life job, it's a great, great trade off.

But yeah, with no false humility, I'm just not an [00:16:00] operator by nature. I'm happy to do it. Cause I like really love open AI and I think AGI would be the most important thing I ever touch, but this is not my natural fit.

Brad would agree, I'm sure.

Brad: Yeah, I would definitely

Harry: That's one where you're like declined to comment. No, no comment on that one. Can I ask, we mentioned kind of the compute element. In terms of like marginal cost versus marginal revenue, how do we think about when like marginal revenue exceeds marginal cost? I think that's one that a lot of people suggested that we talk about today, especially with LLM based products, obviously.

How do we think about that? And that could be on both

Sam: I mean, truly, I think of all the things we could talk about, that is the most boring, no offense, that's the most boring question I could imagine. We will,

Harry: Ah. Why is that boring?

Sam: all you have to believe is that the price of compute will continue to fall and the value of AI as the models get better and better will go up and up.

And like the equation works out really easily. There's ways it can go wrong. Like if the price of compute, if we don't make enough compute in the world and the supply demand. thing gets out of balance and we choose for compute or by a factor of bad [00:17:00] planning, we cause compute to be really expensive, then sure, maybe that's the way it goes.

But I think we can drive the cost of a very high quality of intelligence to very near zero. And that will just be phenomenal for most things in the world. Not everything. There will be some negatives, but I think the cost of intelligence is about to get really, really cheap.

Harry: how does open source and the rise of open source further enable that or impact that?

Sam: There will be a place for open source models in the world. Some people want them. Some people will want managed services. Some people, a lot of people use both. I, I kind of think all of these are details that are quite interesting in some sense, but. missed the bigger picture, which is we are in the midst of a legitimate and pretty big technological revolution where intelligence is going from this very limited thing, which is, you know, smart humans have it, but if you want to do something that requires a lot of intelligence.

You got to get a lot of smart people to do something. Like if you want to make a thing like OpenAI, you need a ton of smart [00:18:00] people, a ton. If you think about everything in the stack, not just people who work at OpenAI, but the people who make chips and build data centers and all of that, to something where one person will be able to access abundant and very inexpensive intelligence to do just amazing things.

Harry: you think we overestimate adoption in a year and underestimated intent?

Sam: I mean, probably because I think that's like actually a very deep insight on the way that technology gets adopted in general, because no matter how amazing something is, societal inertia is just a big deal. you know, you only ever get a lot of adoption for something amazing, but also it takes a while to get going.

And so that's, I think you do for something cool, you get the one year tenure thing. So probably.

Brad: I think we'll have a very fast inversion of expectation reality. I think right now expectations are extremely high. Reality is still pretty bad. Honestly, these models are not that good. I think very quickly expectations will start to come down as people come into contact with today's models, but then very quickly also these models will get really, really good.

And you'll see this inversion of [00:19:00] expectations reality where all of a sudden then expectations have to catch up.

Sam: think the spirit of my, that's the most boring question came across very mean spirited, not what I meant. I meant it as just like, this is going to be fine,

Harry: No, no, I'm now incredibly nervous to ask any question. Brad, you're the

Brad: I'll give you a nice

Harry: you know what? No, no, I think it's interesting that you thought that. It

Sam: It seems odd. It seems like it's going to be, that's going to be such a mega non issue.

Harry: It's, but that's interesting. My question is, you kind of mentioned kind of actual model quality, maybe not being as good as it can be, and like, expectation and reality. The other cool question, which might be a little bit boring, but it's just the commoditization of models. And I've never seen it before where you have like, Mistral one week so hyped, and then you have, you know, whatever Bard the next week.

And it's like the transience of Different players being proceeded in the media is kind of winning so to speak, is so moving every week. Is this a game of commoditization?

Sam: There was a time when there were like more than 100 car companies in the US, I believe, or at least close to that. [00:20:00] And if you go like, look at some of the old media at the time, it was like, no, there's this better car. No, there's this better one. No, there's this better one. I think that same thing holds true for most new industries. I think it's fine. I mean, it's probably good. But I don't think that's where the enduring value will be. I think eventually it will

shake out. There will be a small number of providers, just dozens, something like that, doing models at big scale. And it'll be extremely complex, extremely expensive.

and I hope we all continue to push each other to make the models better, cheaper, faster, and commoditize in that sense. And the long term differentiation will not be, I don't think, the base model. Like that's just, you know, intelligence is just like some emergent property of matter or something.

the long term differentiation will be the model that's most personalized to you, that has your whole life context, that plugs into everything else you want to do. That's like,

well integrated into your life. But for now the curve is just so steep that the right thing for us to focus on is just make that base model better and better.

Brad: hmm.

Harry: obviously your time investing and, [00:21:00] you know, Brad, you obviously engaged with so many large enterprises around the world today. For me as an investor, I see so many AI companies and I'm not investing in any application layer AI companies because respectfully we've seen open AI come out with products and it's like, well, that killed the whole industry.

And

Sam: I think fundamentally there are two strategies to build on AI right now, or startups doing with AI. There's one strategy, which is assume the model is not going to get better. And then you kind of like build all these little things on top of it. And then there's another strategy, which is build, assuming that open air is going to stay on the same rate of trajectory and the models are going to keep getting better at the same pace.

It would seem to me that 95 percent of the world should be betting on the latter category, but a lot of the startups have been built in the former category. And then when we just do our fundamental job, which is make the model and it's tooling better with every crank. Then you get the opening. I killed my startup meme.

If you're building something on GPT that a reasonable observer would say, if GPT 5 is as much better as GPT 4 over GPT 3 [00:22:00] was

not because we don't like you, but just because we like have a mission, we're going to steamroll you,

Brad: But

Sam: there's a giant set of startups where you benefit from GPT 5 being way better.

And if you build those. and AI progress keeps going the way that we think it's gonna go. for the most part, you'll be really happy.

Harry: As an investor looking for an investment thesis that will actually last, what are those that will not be steamrolled that I can invest in, Sam, versus those that could be?

Brad: Ask the company whether 100x improvement in the model is something they're excited about. It's actually, we can tell pretty well because we know the companies that come to us saying, We want the next model.

When is it coming out? When is it coming out? I want to be the first to try it. It's going to be the best thing for my company. And then there's a lot of companies that we don't hear from on that in that regard. I think that's like a pretty good delineation. Is if there's a clear path to how better intelligence, better underlying intelligence accelerates that product in that company.

most companies can tell that story really clearly.

Harry: And so like Klarna would be an example of that?

Brad: Klarna is a good example.

Sam: and think how much better that gets if the next [00:23:00] model. Is as good as we hope it's going to be. talked just this morning to an AI, like medical advisor, I guess they would call it.

they were like, you know, here's the places the models underperforming. It's still pretty useful for like these kinds of things, but if the model could just get like this much better on these metrics. We'd have all these other businesses. So like, can you all do that faster? And then we can have like, you know, this like thing that'll save all these lives and give people who have not had access to medical care, like some access and, you know, how soon can we get that?

And, you know, here's how many people are dying every day you delay. It was an effective pitch actually.

Harry: there were questions beforehand that I was like, I've never asked that. That's like a terrible question and I'm kind of proceeding to ask most of them. So I'm sorry for this, but we mentioned kind of model improvement there. how do we see the rate of model improvement? Is it like linear?

does it plateau at points? Obviously now it's accelerated fast. Never in the last, whatever time period we want to call that. How do we see that rate of improvement in models?

Brad: it feels very punctuated externally. which means I think we've done a suboptimal job on one of our core beliefs. We [00:24:00] have this idea that iterative deployment, is important and what you don't want is to go build AGI in secret in a lab. This is like the limit case. Toil away for a couple of decades and then push a button and all at once the world has to like contend with AGI.

Sam: And better than that to us, it seems is to put a model out into the world. let people have some time to think about that, react, figure out how they want to use it, what they'd like to do differently, what they'd not like it to do, what guardrail society wants or doesn't want and then, build up sort of more,

Brad: should be

Sam: Societal engagement with it.

And

Harry: In some

Sam: sense, one of the most important decisions we ever made was this one. And that includes things like deploying ChatGPT into the world and getting the world to take advanced AI seriously, which we tried to talk about for a long time and didn't really work. And, you know, deploying that really did.

as we think about future models we underestimated. Because we've like lived with these models for so long, and because we watched them get better and better little by little, we underestimated how much, even with our strategy of iterative deployment, lurch [00:25:00] forward some of these things would be.

So as we think about the next models, we're trying to find a way to make that even smoother, so that it feels closer to the smoothness we feel internally to the external world.

Harry: Do you think the strategy of iterative deployment will still be possible moving forward as you get bigger and bigger? You see, obviously, Farron Lama released some on, like, medical uh, scientific writing and he got a terrible blowback and they had to pull it away. Bard obviously did theirs and they got an 8 percent reduction in share price.

As you get bigger and bigger and bigger, releasing an imperfect product can have such ramifications. Is that iterative deployment still possible over time?

Sam: I think expectation setting matters a lot, but with the right expectation setting, I think it is possible.

Brad: Yeah, I would agree with that. I think, we learn a lot also. And so when we released Sora, for example we get an incredible amount of feedback from the creative community, from media, from, you know, from industry.

And we actually started now to kind of incorporate that feedback into how we think about our research roadmap you know, for that specific modality. we kind of start with expectations really low. We just try and learn and we really kind of just listen to the [00:26:00] world.

And then we try and incorporate that as best we can so that by the time we actually have something we want to share. It's something that really feels useful and people have kind of natural familiarity with it. And it almost feels like it was kind of built more for them. Um, And I think that's like the mode that we'll, we'll operate in somewhat here.

it is really iterative. Um, And it really is this kind of more code development with what the world, maybe more than the world appreciates.

Harry: one final thing and then I do want to go on to GTM, but you mentioned obviously the medical advisor earlier I hear you've got a passion for how funny AI can solve cancer and specifically a certain medical

Sam: Well, it's more like I have a passion for how AI can I don't want to say solve, help like greatly increase the rate of scientific progress, and curing cancer would be a great example of that. But I do generally believe, there's definitely just a personal element of excitement, I think science is awesome, but I

genuinely, believe that scientific progress is like the highest order bit of progress for society.

Economic growth, quality of everyone's lives, all of that. And if AI can help people meaningfully increase the rate of scientific progress, which I believe it will. I think that would be a triumph.

Harry: [00:27:00] What do you think is the biggest barrier to that barrier to

Sam: Well, I think the models are just not smart enough, which sounds like a annoying, low information kind of cop out answer, but I think it's like deeply fundamentally true. the models just aren't smart enough. You fix that one thing, all these other things get better. There'll be all these ways that we have to figure out how to integrate tools into people's workflow and.

You know, modelability in different areas will, matter a lot, but if you zoom out, doing scientific research with the help of GPT 2 would have seemed fairly laughable. With GPT 4, people do use it just in very, to help them do science, just in extremely primitive and limited ways. And with GPT 6, I think people will say, hey, this is like helping me as a general purpose tool in all these ways.

And then with GPT 8, maybe people were like, you know, this can do some limited, maybe not so limited tasks for

Harry: How have you scaled so fast, so efficiently, and [00:28:00] what's the secret to that, and things seemingly not breaking?

Brad: things , it's always messy behind the scenes But I appreciate you saying that on the outside, at least it doesn't seem like things are breaking. we found a moment with Chacha bt that.

it was the first like really human experience people have had with the technology. And we hear stories all the time of like where people use it and it continues to amaze us actually how diverse these stories are. It's like on the one second you're hearing like a research scientist at a company, you know, Talk about how productive it's made them.

And the next is like, this thing is writing code for me. I'm a software engineer at XYZ startup. And the next is like, I'm a new parent and like, I don't know how to take care of a baby, but like I asked this thing 80 questions a day and it kind of like helps me understand how to like navigate life as a new mom.

And like the same tool can power each one of those experiences. And when you have something that's like that fundamentally diverse and I think that. Kind of, you know, fundamentally accessible, like just bound to have a really important impact like in adoption and you know how people use it.

And I think, I mean, that obviously translates to a business impact, but our focus just continuing to [00:29:00] push on that, front. B to B business is obviously different, cadence to that business. there's more of an adoption cycle in the enterprise.

We've had amazing success on the developer side. So we've, always been a company that has really prided itself. I think on just, we kind of build for who we know. And so we've, we've tried to build the best developer platform in the world for AI enterprises is a new focus for us. And so, uh, there'll be more of a process to building for the enterprise, but it's, it's one that we're excited to take on.

And a lot more to come.

Harry: Can I ask, on talent, is it bad if talent wants to join because OpenAI is the hottest company?

It's the fastest growing company. So everyone has to join for the mission? Because I'm always like, does it actually We always say mission, mission, mission.

Sam: Uh, I mean, I think it's bad just because it makes us like harder to filter. but yeah, like I do kind of want people to think that they're doing something that's really important. I watched what has happened to other tech companies when they just become the place you want to work because it's a good resume item you can like filter against that to varying degrees.

as you said, it doesn't literally need to be told a 100 percent true and 100 percent of [00:30:00] cases. I think companies that lose their mission orientation and get taken over by mercenaries usually come to regret that

Harry: You've invested in some of the best founders. Are there any that stand out as ones that you've learned from, that you've invested in and have shaped how you think about building?

Sam: a lot. Yeah. I have been extremely fortunate to work and like be along for a small part of the ride, I think with like many of the best founders of my generation. and I'm also happy that

Brad: they

Sam: been willing to like, Spend so much time now helping me

Harry: Can I push you? Are there one or two that stand out? And has there been a lesson or two from them?

Sam: Chesky has been incredibly hands on and helpful to me over the last year and a half and is really good at a lot of things that I'm not good at and have had to like come up to speed quickly on. How to think about how we talk about our products how to think about how to build great products.

He is really a special person. Uh, The Collison brothers are incredible. And like every time I talk to them, I am like, Hmm, that is a new deep insight that I just never would have thought of. It's like a totally nonlinear thing. But I would like, I invested [00:31:00] in a lot of companies for a long time. So I have like a long list of incredible founders.

And I'm very grateful to have been like very willing to really kind of like help out in different areas. And I think in the same way that I tried to like learn a little bit each from a lot of different investors, trying to learn a little bit each from a lot of different founders has been a great strategy.

Harry: Can I go back to usage? You mentioned the kind of divergence in usage from kind of consumers every day, maybe parents, maybe it's scientific researchers, you've also built an incredible go to market with some of the largest enterprises in the world. What have been some of the biggest lessons on enterprise adoption and how large enterprises are thinking about it, approaching it, adopting it that you think are noteworthy?

Brad: think the biggest one is have a very natural desire, I think, to want to throw the technology into a business process with the pure intent of driving a very quantifiable ROI.

I

Sam: I know what none of those words mean.

Harry: It sounds great. I mean,

Sam: is my

Harry: there's three strategic leavers,

Brad: I manage my supply chain and it costs me X [00:32:00] per year and I want to take AI and throw it at a specific process in supply chain management and cut 20 percent of my spend out of this specific area that I spend money on.

That type of thing. And that's great. We are here and happy to help you think through that problem. I think people though criminally underrate how important it is actually and how much like. return you really get on just giving people access to the technology you can't quite quantify exactly how it works But like someone that used to spend two days doing something that now spends two minutes doing something And is freed up to do like 85 other things in their daily life That doesn't really show up in how you would think about roi as an enterprise But imagine doing that now ten thousand times over a hundred thousand times over

Sam: Can you explain that enterprise because you're right? It's not like

Harry: like a budget line where you're like, Oh, we got rid of X. Yeah. It's difficult to show that supply of time shift.

Brad: part of it is just having time to show it. Chachapiti business product is still so new. We released enterprise back basically in, you know, late August, september last year and team is a self serve product we released earlier this year. So the time in market has been virtually zero and [00:33:00] enterprise adoption cycles are slower.

so I think part of it will just come with time and part of it just comes with expectations of your workforce will want these tools and also like, you're going to start to hire people who will have come from a world where they could only ever use these tools and they can use as much as they'd like.

And they will expect to be able to use them in the workplace. over time we will start to see that shift. right now I think that's, there's this kind of weird miscalibration of of where people think they should be deploying AI that's going to have high impact with.

Where I would say they should be deploying AI

Harry: What questions do you think the biggest companies don't ask that they should

So a lot of companies think GPT four is the best the models will ever get. that's understandable. Every technology they've ever had to adopt has been relatively static. If you think about like what the iPhone looked like, you know, what mobile looked like in 2009 versus today.

Brad: It kind of is the same thing. Like the form factors change a little bit. They're faster. They're like high resolution, but like the technology is pretty much the same application developments, pretty much the same, same thing with cloud. here they've been handed this new technology and I think their expectation [00:34:00] is like, well, this is it.

And I think they don't ask enough about really how steep that rate of changes and like how to think about like what the next wave of the technology will be in the, in the wave after that. And how to think through

Harry: rate of

Sam: set up for that rate

Harry: change? Like, you know, we're obviously in London now. European corporates are not that fast moving.

When you change as fast as you are changing, it's almost very difficult because they get used to their workflows and processes, and then you change and you update and it's like, Oh, fuck. Well, they're all gone. They're out the window. Do you see what I mean? It's

Brad: Sure. Yeah, no, it's, it is hard. And that's what makes our job hard, right? Is I think companies have a desire to want to move that fast, but when you're operating at 100, 000 person or 200, 000 person scale, it can be really, really hard. And so I think that'll be the big question over the next few years for us.

Harry: Sam, you mentioned the research driven kind of culture and the importance to retain that. Yeah. When you bring in a go to market function and sales leaders and wholesales teams, it's very difficult to blend kind of product and sales functions or cultures so efficiently. How do you think about the challenges that one [00:35:00] faces?

Sam: think this is where Brad and I have a great partnership in that we have different opinions about how to balance any particular decision and we're, I think, very good at to the other, based off of where it has like more context or feels It will have a more important impact, but we have really deep agreement, I think, in a way that many people in Brad's role wouldn't about the critical, focus of making sure that, we let research drive product and product drive sales.

Now that doesn't exclusively mean that, of course, there's got to be feedback the other direction. And one of the reasons that we love having users now is this is like the most important reward signal you can get for if the model is good or not. It's like, how useful is it really to people like that?

That's what matters. But we also know that the best thing we can do

to

sell more product is to make the product better. And the best thing we can do to make the product better is to have better research. there's like zero disagreement between us ever on that. And that is really important.

Harry: It's funny. You mentioned the users that are trying to add it shorts from matter before. And he said, I'll ask Sam about growth and ask him how [00:36:00] his mindset has been changed on growth post open AI, because it is such a, a different story.

Sam: I think Alex Schultz is a legitimate growth genius. He'll be there, you know, talking about this retention curve and the 30D here and the, that and the, this acronym. And I mean, he really understands the dials of things. I think you usually don't learn that much from failure. You learn more from success. But I think you also don't. Learn that much from like extreme break all the rules unrepeatabe success either and what we had with Chad GPT I would be hesitant to say I've learned anything at all about growth Like have a once in a generation technological revolution.

That's not really like actionable advice if I wanted to learn about growth, which I do I'm now very interested in Alex probably can't advise me on it at this point, but that's who I would normally ask

Harry: you not learn from failure? So I always

Sam: You learn something from failure for sure you learn some things to exclude, but at least in my own experience, having failed at many, many things and succeeded at some I have learned much more from the successes.

Harry: A success?

Sam: I mean, [00:37:00] so many, like what to look for when hiring people. I don't hire externally that often. I'm like a big believer for like my direct reports. I'm like a big believer and try to like promote into that when you can, but certainly what to look for when promoting someone

what

to look for in a founder.

I would say like, yeah, I can like point to my extremely long track record of failed investments and say, I made this mistake here. I made this mistake there. I

Harry: Um,

Sam: Well, all of the obvious things. And then some, I think some of the things that I look for, more than other people are founders that are going after something that seems big if it works. I think that is way more important than people realize to like the really outlier returns. So I'm happy to like lose nine times out of 10 and like really

Succeed

on the 10th company.

rather than kind of like do okay seven times out of ten. I think founders that are like very good at generating lots of new ideas, founders that have like a very fast iteration cycle, obviously like, you know, smart and determined and all of those things matter. Oh, great [00:38:00] communication skills, are something that I really look for.

Harry: Do you? Okay, but I fucked up so many, I mean, I've missed so many great companies, but I fucked up because you get an engineering led CEO and respectfully, especially at Seed or Serious AYR I tend to invest, they're not so honed. And so they don't have that communication.

Sam: polished. I don't worry about, but like As that great CEO, you still like, I don't mean communication and like, can someone sit in an interview and be like, super charismatic and, you know, hit the talking points and like, no, clearly not me either. but I do think a lot of the job is, communications driven.

Like you have to be able to like, explain to the company What we're going to do and why and you have to be able to like Hire people and get them to want to work with you And you have to be able to like sell things to customers and get people to like try your product At some point you may have to like talk to wider audiences so don't mean it like literally is you know, can the person give A polished interview because I may make it my whole life without being able to do that.

We'll see but In the day to day, you know able to clearly [00:39:00] explain What? are doing, why people should care about it, what you'd like them to do to help you. That's super important.

Harry: Final one before we do a quickfire, I do have to ask. On the people that you hire at OpenAI, one thing that's quite striking is they're a little bit older, Or it certainly appears that way. How do you feel about hiring for experience versus hiring people who'd be new to a job but may have that hustle and hunger?

And am I wrong to say that you hire for experience and that little bit

Brad: older?

I think at least in my org where I've set hiring policy and whatnot, There's a difference between kind of what the composition of your hires are and kind of what the composition of responsibility is in the team. I try andkeep this kind of team where like great ideas can are like kind of always elevated. by and large, actually, I would say like the really, really good ideas come from unexpected places on the team, not from like the most experienced end of the team always.

And that's kind of my advice is like find a way to make sure that there's there's this very, very flat kind of like very, very even playing field when it comes to. How you kind of like look to the team for perspective, for decision [00:40:00] making, for, for judgment and for creativity. You do need experienced hires.

I think in that

Harry: they

Brad: a little bit of like a little bit more perspective, obviously. but I tend to think that like, really the, company changing ideas actually by and large come from places that are not, not those hires.

Sam: the, places that are not, not those hires.

Harry: I think like our leadership team is probably 30s and 40s than the other

Sam: other startups. and I think our technical people skew like slightly older. I don't have numbers, but you know, maybe I would guess that like the average age of the technical team is like early thirties instead of the average being like late twenties at some other tech companies. I think part of that is just the sort of like path to becoming a great researcher.

There's huge exceptions in both sides.

And I don't want to say I don't care about experience on the whole, but I think there's like amazing people with tons of experience. There's amazing people with like almost no [00:41:00] experience at all. like whatever we're doing seems to be working, but I don't think about it as a, like,

Brad: want

Sam: do we want more or less experience?

I think it's very much like, who is the, like, is this the much like, who is the person? this the person? What we do is so categorically different. it is an entirely new category. The way that people kind of engage with, consume, use, talk about, put your verb in there, this technology is different.

Brad: So the playbooks for how you actually like bring into the world are really different. There, there aren't playbooks for a lot of these things. And so like the approach you take to solving problems doesn't necessarily, you don't necessarily benefit in all ways, at least in my world, from people who have done it for 20 years before.

Harry: one of the joys of new industries is it levels the playing field.

I think you saw this in crypto in particular where suddenly 19 year olds were just as impactful as a 45 year old because it

Brad: doesn't matter.

Sam: I think in general, if you could like sample someone at open AI, and, look at the role they're doing and the level of responsibility they have and the impact they have and say, you know, what I have expected this person to be more experienced or [00:42:00] less experienced. Given that you would say on the whole, I would have expected slash maybe even hoped that this person was more experienced.

Harry: Are you ready for a quickfire? Sure. Okay, so 60 seconds or less, let's start. Sam, what's the single biggest challenge to open AI over the next 12 months and then five years? 30 seconds each.

Sam: doing the best research and the best productization of like the best innovation on that stuff. Uh, over the next 12 months. And was it five years for the second thing? Sufficient like supply chain and compute.

Harry: Brad, what have you changed your mind on most over the last 12 months?

Brad: Um. I think the rate of adoption in the enterprise is actually going to be way faster than people realize. Um, I think we will buck convention on that. Enterprise is having a reputation as being slow adopters of technology. I think that will not be true

Harry: Does that differ by geography? No. Do we have loads of experimental budgets?

Brad: Do we have loads of experimental budgets? Well, we have real budgets, and that'll help.

Harry: Sam, what are you most concerned about in the world today?

Sam: The whole thing just feels like way more on the whole situation of the world, the [00:43:00] geopolitical thing, the sort of socioeconomic stuff, politics. It feels more unstable to me than it has felt since I've been paying attention. And there's no like one thing I would say, uh, I couldn't with confidence tell you like, here's the crux of it, or here's the root cause. But the general macro instability feels high.

Harry: the most unexpected thing in the scaling of OpenAI for you?

Brad: I think it's how consistently the scaling of models has worked. it still breaks my brain. like I don't, maybe I've been, we've, I've watched the same trend line for six years now, but I still find it incredible that, uh, you can make these models bigger and they get predictably better. Um, and that is a tremendous gift.

Harry: Sam, what do you not do much of that you'd like to do more of? I guess time is not particularly your friend these days. anymore. Um, I used to read a lot. That's a sort of sad change.

Would you like to make more room for it?

Sam: It's probably not in the cards in the short term, but you know, someday you wanna [00:44:00] read Slack in Google. Docs

Brad: what do you wish you had more time for that you don't fun. time for real life. I don't really get to hang out with friends that much. I don't get to like do the normal like life stuff it is both totally a trade I'm willing to make. And then again, it helps to know that it won't be a forever thing, but it is still just sad.

Harry: Are you happy?

Sam: I am really happy. I wouldn't say I'm having fun,

really like deeply happy. I have fun. That's great. Good for you. Very

Harry: I mean, you both also got married in the last year, which is very exciting. Can you impart some wisdom on how do you retain a romantic relationship, a partner, happiness there, where you're also, I mean, traveling all over the world, literally every day?

Brad: over communicate be empathetic and appreciate that like this job is As, as taxing is probably anything on earth. And the person though that is really paying the price for that is not, is not you. It's, it's your significant other

Sam: look, I just got 10 off, 10. [00:45:00] Lucky Brad did too. Christie Christie's really great. But the, I think having a partner who is just sort of like, this is like not what I always signed up for. We used to have this like nice quiet life. And having a partner who is just like supportive of it, who gets it, who's like, you know what?

You go deal with that. I'll like hang out and we'll have like a lot of time. that's the kind of the one other thing I make time for. But having a supportive partner, not, not just supportive, having like an enthusiastic partner, which is like, this is really important. You go do this.

Like I'll make it work. I'll try to like be flexible around it. I am extremely

Harry: I'll try to like be flexible around it.

Brad: pretty early? Yeah.

Sam: Yeah.

Harry: when you look forward ten years, How do you see the state of the world then? And are you excited for that future state? That's for both of you.

Brad: wouldn't be doing this work if we weren't excited. Or at least I wouldn't.

Sam: Tremendously. I hope that people look back

and

say, we cannot believe how barbaric they had it in 2024, in the same way that we could look back a few hundred years or many hundreds of years and say that same thing. It's like, not that we're not all appreciative and [00:46:00] grateful for life today, but. people get sick and die prematurely of disease.

Not everybody has access to a great education. Not everybody kind of gets to do and spend their time the way they want. To say nothing of, like, the unimaginable new things that we'll have in this future. Again, it won't be all good. I think there will be, like, real things that we lose. But on the whole, I am tremendously excited for what a world with genuine abundance looks like.

Harry: I want to say a huge thank you for doing this. Honestly, it's been so nice to do it in person. I so love doing it with both of you. So thank you both for joining me. Thank you very much.

Brad: This is great.

Scarlett 2i2 USB-4: I have to say, I really feel so grateful and lucky to be able to have done that show. I think it's one that we will look back on for a long time. And I wouldn't say a huge thank you to Brad and to Sam. For being such fantastic guests, the schedule was a moving fixture that, and they were incredibly patient with me.

I hope you enjoyed it again. You can check it out on YouTube by searching for 20 VC. That's two zero VC. But before we leave you today,

Scarlett 2i2 USB-5: We're all trying to grow our businesses here. So let's be real for a second. We all know that your website shouldn't be [00:47:00] this static asset. It should be a dynamic part of your strategy that really drives conversions. That's marketing 1 0 1, but here's a number for you.

54% of leaders say web updates take too long. That's over half of you listening right now. And that's where web flow comes in. Their visual first platform allows you to build, launch and manage web experiences fast. That means you can set an ambitious marketing goals and your site can rise to the challenge.

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Scarlett 2i2 USB-8: I'm speaking of incredible products that allows your team to do more.

We need to talk about secure frame.

Scarlett 2i2 USB-1: secure frame provides incredible levels of trust your customers through automation, secure frame, empowers businesses to build trust with customers by simplifying information [00:48:00] security and compliance through AI and automation.

Thousands of fast growing businesses, including NASDAQ angel list doodle and Coda trust, secure frame. To expedite that compliance journey for global security and privacy standards such. Such as SOC two ISO 2,701 HIPAA, GDPR, and more backed by top tier investors and corporations such as Google Kleiner Parkins.

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Scarlett 2i2 USB-1: As always, I so appreciate your incredible support. It really does mean so much to me and stay tuned for an incredible episode. This coming Wednesday with Vicki at Sequoia for a 20 product masterclass.