Silicon Valley Startup – A Personal Journey

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3 irresponsible grad students
+ 5 computers in a living room

=>
real product
real office

secret = the team
The Beginning
Data Analytics

• Data Warehousing
  • *used in retail, finance, insurance, etc.*
  • *classic example = Walmart*

• Dominated (at the time) by
  • *Teradata ($1.5M / TB)*
  • *Oracle, IBM*
  • *Netezza*

• Can we use cheap commodity HW ?
Opportunity

• Learn business
  • course project + business plan competition
  • books, blogs, advisors

• Prospect the market
  • follow guidance of biz plan advisors
  • sound out people (carefully)

• Idea
  • analyze Internet services’ clickstream
Solution

• Scalable DW on cheap commodity HW
  • schema-driven data partitioning algorithm
  • microreboot-based fault tolerance

• Prototype

• Benchmarks

grad student budgets !!

10X better on price/performance
Opportunity + Solution

?  

Company
The Money
• Possible sources
  • consulting, customers, investors, ...
  • chose investors, because wanted to move fast
  • right market + right idea => cannot wait

• Business plan
  • clear description of market opportunity
  • vague description of secret sauce
  • proof points (prototype, customers, ...)
Customer(s)

• Work the network
• Build confidence early
  • learn how to persuade
• Will fail often
  • learn to recover quickly
• Beware of cheap hotels!
Paying customer

Pedigree

 Favorable markets
Talk to Angels

• Mere money don’t make a company
• Investors must be part of the team
  • they bring experience, contacts, etc.
  • they should push back and challenge founders
  • if not willing to be part of team, look for others
  • put them to work!
Surround yourself with people smarter than you
• Must negotiate hard everything

  • funding vehicle
  • valuation => share of investors
  • equity for future employees (be generous !)
  • anti-dilution provisions
  • right of first refusal
  • board of directors

“You don’t get what you deserve; you get what you negotiate”
The Company
• Incorporate

• Name + symbol = identity
  • \textit{cluster of machines} => \textit{Aster flower}
Building a Team

• Recruiting

• Interviewing
  • make it hard: the best people enjoy proving their worth
  • employees feel they join a select club
  • should be able (and willing) to do everything
  • intelligence + agility + ownership

• Reference calls

• Mayank: “Never settle for second-best”
Company Culture

• Employees copy founders
  • both on good and bad behaviors

• 100% pure meritocracy
  • hiring, promotions, and firing: full transparency
  • can’t always be right, but can always be ethical

• Nurture team
  • build traditions, develop sense of belonging
The Right Product

• Listening to customers
  • product must be sold & bought
  • want ≠ need ≠ say

• Tassos: “read between the lines”
  • identify need
  • help customer discover it
  • offer solutions
Building & Selling

• Extensibility & maleability
  • *flexible product adapts to unforeseen uses*

• Agile development team
  • *adapts to customer needs & market changes*

• Selling a solution vs. a product
  • *focus on problem solving & hand-holding*

• Demos & proofs of concept

“Only way to never fail is to never try”
Bad Things Do Happen

- Disputes
- Key departures
- Unpredictable events

Raise Series B
Hard Choices

• Hire dynamite employees?
• IPO or flip?
• Yield or take a stance?

“The choices we make define who we are”
The Motivation

What’s it like to do a startup?