

## Ganesh Padmanabhan of BeyondMinds

**Speaker1:** [00:00:04.77] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups, launching a new startup need to raise funding, the startup Funding Espresso is a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso. You can learn about startup funding to subscribe, go to invest Karnig and put your email into the pop up box. Hello, this is Hall Martin with investor Connect them here with Ganesh Padmanabhan, who's a technologist, entrepreneur, early stage investor, has been very active in the field of artificial intelligence beyond has built the first enterprise A.I. solution that is universally applicable and easily adaptable. They deliver hyper customized production ready A.I. systems that enable sophisticated companies to overcome the massive failure rate in adoption and rapidly implement ROIC positive transformations. Ganesh, thank you for joining us.

**Speaker2:** [00:01:09.21] A thank you for having me. Well, it's great to be here.

**Speaker1:** [00:01:12.03] Right, so can you give us a little bit of an update about your background? What did you do before this?

**Speaker2:** [00:01:17.16] Well, I mean, right before right before beyond mines. I was actually previously the co-founder of a data management company. Prior to that, I was with another company founded by the original founders of IBM, Watson called Cognitive Scale, headquartered here in Austin, building A.I. Solutions for Global 2000 companies. And prior to that, I had a long career in high tech Dell. Notably, I spent about 11 years there and was the general manager for a young growing business before I left. So but I can go by my background stats right from I was an engineer by education, if you will, and spend various, you know, several years of my career in the intersection of hardware, software, but always in tech, you know, cloud storage, cloud infrastructure, the whole nine yards and the first fifteen years was all in like big companies, big tech. And Dell was the very fulfilling run when I was a general manager for a or an emerging business. Converged Solutions business turned out to be the youngest billion dollar business we built. We grew about 10x in four years and that was pretty awesome. And

then from that journey pivoted to go into more early stage companies. And that's how I ended up a long, winding road. Not never a straight line. I'm here.

**Speaker1:** [00:02:32.55] Right. So what led you to start work in that space to begin with?

**Speaker2:** [00:02:35.88] Well, you know, I always loved building stuff as a kid. I wanted to be an engineer as a kid. You know, early in my career was always about building products and offerings and stuff. Later on is about building companies and businesses and so forth. I think I've gravitated always towards things that are new, little shiny, often unproven technologies. And I was a first product manager at Dell for our cloud computing project. Back in the day, I led the creation of the converged infrastructure, the data analytics business units, long before it was commonplace and everybody was talking about it. So my career was filled with a bunch of iterative, taking new shiny things, demystifying that new technology, building a product, business or company out of it. And, you know, with some success, some being successful, some are not. But finding my way into I was a little bit more evolutionary, right. When I found cloud computing in the mid to late 2000s, I was still a Dell. I remember thinking this Democrat democratizes the access to computing like everybody can do computers, developers can just go haywire. Eight of us was coming out and I should be doing something in the part to be part of that market. Then started noticing how the explosion of data, if you will, right. Due to that democratization was creating new opportunities. I mean, and in the early days, all we were telling people were like, hey, all you need to do is to store all that data. So I was part of the big run on Big Data and Hadoop and Cloudera and stuff like that. But with analytics and machine learning is when we truly started realizing the vision of technology powering humankind.

**Speaker2:** [00:04:17.04] Right. You now put really vast computing power that's very cheap due to cloud computing, all the data that generated because everybody now have access to computing and then, you know, all the democratization of these algorithms and research coming to bear. And then this became one of the the golden areas of technology in the last, I would say, five to seven years, where you can now use data and all that computing power to really personalize experiences, predicting the future, avoiding risk, automating our lives to do things. So, I mean, it was it was about a decade ago that I really got captivated into data and email. And I and I quickly jumped on to it. And I've been fairly active in this space mostly, I would say recently like we were. I was part of an company and we were doing projects for really

large brands and Fortune 50 companies and everywhere the common theme was data was the Achilles heel for Asia. And so we founded that company to focus on the data readiness side of A.I. But then, you know, I got into this phase with A.I. and data and everything. It's it's been an evolutionary journey. And I love being here because, you know, it's the it's at the intersection of technology and humanity taking a very powerful technology to solve the most human of problems. And I get excited with powerful ideas and amazing people. And being in the space allows me to be, you know, to pick and choose where I want to be. Right.

**Speaker1:** [00:05:46.59] Yeah, well, great. Well, what's your advice for people investing in this space? What do you tell them to do before they write that check?

**Speaker2:** [00:05:54.30] A lot. You know, I would say so. I in general is so broad and wide. And most honestly, I'm a huge believer. I'm a huge tech optimist. Those are like BWC that the report a couple of years ago, I think it was, they talked about this 13 trillion dollars impact to GDP across the world. But automation and A.I., the reality is we are still fairly early in the cycle. The good news is the market has left the the the hype phase and is now heading towards more like a productive phase. Right. So everything was I and every Yooralla was Doddy a few years ago. Now it's a little bit more tempered and how people are approaching it. So opportunities to invest are still plenty. And there is a lot of these things now not specific to the market generally. My advice is always like I like to use a certain analogy, right. To have a pretty good surfing experience. You need a surfer, the surfboard and the waves to the current. And, you know, you can equate there to start ups to say you need the entrepreneur who is a surfer, the surfboard, which is the the product or the offering and then the waves, which is your market. Now, the reality is you can have an amazing surfer, an amazing surfboard, but if you don't have real good waves, you don't have the market. You're going to be pretty fucked up. It's not going to have a good outcome, right? Where is this? You can have probably have an OK surfboard, but a great entrepreneur, a great surfer and amazing waves. Then you can make history. Right. So this is that's the way I approach investing in the sector. So that's a general thing. And, you know, we can talk very specifically about the market itself and how the sector itself is evolving.

**Speaker1:** [00:07:35.87] What let's do. How do you see the industry evolving from here coming out of covid?

**Speaker2:** [00:07:40.49] You know, so first off, as I said, like, we're still very early in the in the in the cycle. And covid has actually shown us that technology is the ultimate equalizer. Right. Making progress accessible for everybody. You know, we made so much progress in the last hundred years than we did in the past two hundred thousand years before of humankind. We made probably double that progress or even more in the last 10 years than we did in the last hundred years. We probably made and I think there was Satya Nadella who said during covid, we probably did two years worth of digital transformation across industries in a span of two months early last year. But the industry is evolving pretty rapidly. I mean, this sector specifically, right, generally in the space, look for tangibles and what companies are solving for what's the business problem? What happens if you don't solve it? I'm a technologist. I always have to stop myself from thinking technology first. So why do you need this technology to solve that problem? Whereas, you know, instead of actually looking at here's a piece of technology, what problems? Can I solve it? Right. So it's a very important to know that. But generally on the sector, here's a few thoughts on evolution of the machine learning or AI, as in broad, it's a wide spectrum of things, everything from automated, you know, fully automated experiences like autonomous driving and self-driving cars and software that you build for that and products you built for that to just plain automation.

**Speaker2:** [00:09:07.31] But all automation, robotic process automation, which is now scanning documents, taking stuff from there and putting into a digital format and putting it through everything is A.I., right. So but general things to think about machine learning algorithms, which everybody say. So it's all about the algorithm. Algorithms are largely commoditization and are freely available in open source. So no company can have a mode purely just based on algorithms. The modes could be the data, the network, the customers sets that they actually build and just the knowledge that you build out of by by doing this machine learning algorithms. The market winners so far has largely been the hardware in the cloud vendors because the lowest common denominator is the computational infrastructure needed and is very hungry in that department. Horizontal platforms like things that can be adapted to multiple sectors, multiple industries and stuff that help teams build and deploy machine learning systems and intelligent applications. Those are really, really hard to build and it takes very deep and long cycles of R&D, a long history of delivering these platforms. So cloud computing companies are mostly the best positioned to do that compared to like an early stage startup coming into the space.

**Speaker2:** [00:10:23.69] Right. Niche verticals, specific companies that focus on a specific problem, particular domain access. They have access to a particular set of data. That is where you should actually you know, those are higher chance of success. You can you can solve a problem using machine learning or that particular narrow space in the market. That's been a good mantra for success so far. But the issue here is you run out of time. Is the market big enough and all that kind of stuff value and then to to expand out, like being in the space for about a decade now. Right. Value creation with A.I. has been very slow in the market. Companies have invested in they are investing in everywhere. But they were promised so much and they're getting so much out of it today that anybody who tries to accelerate that value realization will be extremely valuable. Things like how do I not just help you build animal models, but really help you with the deployment, the monitoring, the operational challenges of doing this. How do I my current company beyond means we focus on the space, specifically saying, how do you like one of the big problems in A.I. is customization. Every problem needs to be every problem has unique solutions because it depends on that problem. Specific data, the domain context, the needs of that particular, that the business needs of the problem to be solved.

**Speaker2:** [00:11:42.47] So there is a high degree of customization, which is why most companies can really cannot scale their efforts. We help with that by providing a very modular platform to go do that. I think humanizing A.I. through all the traits of the EU yesterday or so came up. There was a leak of a document and how it was going to just Démocratie is going to govern. I pretty strongly there's a lot of fine and stuff. It's I think it's going to be. Immediate reaction to me is those fines are going to be accepted by this big company who write it off in their, you know, income statement, and you're that just like the banks do today, and it'll penalize all the smaller, innovative companies who are trying to actually get grounded in this thing. They just created a huge, you know, mold for those big guys so the small guys don't come and eat them up. But humanizing it through audit, through governance, you know, keeping A.I. safe, making organizations trusted by all that is going to be a huge part of the market. I think that's a huge area of opportunity. As said, the industry is still very nascent. The pioneers maybe here, but the settlers haven't yet come. And and there's a lot of innovation left to do.

**Speaker1:** [00:12:50.93] Great. Well, so how what is the growth rate of the sector today and how many companies are engaged in it? You're just how big is it and how fast is a growing.

**Speaker2:** [00:12:58.65] Oh, it's it's big for I think I looked up some numbers, I think 40 billion in revenue for a specific company. The market is 40 billion twenty nineteen three hundred billion by twenty twenty six and growing at about a 40 percent cagar. So that's just ridiculously large market. I mean partially is also because the definitions are so broad. Right. What do you need in a market like III where value compounds is the growth rate actually increases as you call more fundamental platform level problems, because that allows innovators to build on top of that and grow on top of it much and it grows much faster and the technology gets cheaper. So it's actually an interesting concept like is a market that you will probably see the compounding effect of the growth rate as you grow. And. Right. It's it's a huge market, but usually markets, they grow really fast initially and then kind of plateau. Well, you're going to see the other side of it. It's going to grow pretty well and then it's going to go further because a lot of the foundational innovations will actually lead, you know, create a playground for other innovators to build on top of it.

**Speaker2:** [00:14:05.40] Right. How many companies are engaged in it? I don't know. What I smell is such a huge part of every company's future. Right. This is joke that we used to have a few years ago. There was somebody did this analysis. Number of earnings calls were the term AI or artificial intelligence was actually talked about by the Nasdaq listed companies. And the number was ridiculously high, over 50 percent. The companies in their earnings calls were talking about their initiatives. And that is that has come down a little bit. But large and small, international domestic eyes, opportunity and everyone is embracing it. I would actually say that there is an opportunity for companies to not just dramatically accelerate against their competition, but it's almost suicidal not to think of the as a way to transform your business. If you haven't started on the journey, you risk being too late to the party. So there is so much, you know, compounding value. The earlier you start, you'll actually accelerate that much faster.

**Speaker1:** [00:15:02.79] So what are the challenges in starting a business in the sector where people come up against that they have to overcome?

**Speaker2:** [00:15:08.67] You know, it's the it's interesting, right? Because there are some similarities with the Web, the Internet based companies and stuff in the past. But there's also some broad differences, depending on what problems you're solving. You have to understand that it requires data and algorithms. So when I say data as a machine learning, I'm sure your your leaders understand your listeners understand. This machine learning algorithm is an algorithm that learns from data on what input will lead to what output write. Very simple. But what that means is actually creates a really interesting challenge that it requires subject matter, expertise on a domain to understand and interpret the data that becomes a critical element. So if you if your team is actually pitching you something and there's a startup where none of the founders have any experience in that particular domain or understand the data very well enough, that's usually a red flag, right? It's a long game. And be sure to approach it as a marathon than a sprint. You know, there's no quick wins. There's no easy wins here. This is a hard, long game. Right. The other thing is customer trust in this market is becoming very hard. There had been a lot of washing, as I mentioned, over the past five years. And that's making really hard for customers to know what's real, what's not right. So focusing on that and how do you build trust in your offering early on as a founding team is going to be very, very important. That's going to be key, in fact. Right. Getting early wins, using that to really build trust in your offering and your team to solve real problems, knowing that building an API product probably requires a different set of skills and approaches than building a regular SAS software product is also one place most founders get it wrong.

**Speaker2:** [00:16:49.65] The need for customization, like I mentioned earlier, that online sales for it slows down this value realization for clients, the need for data that maintaining the product and production, making sure the the the algorithms don't degrade when you have stupid data being thrown at it and stuff like that. So just understanding, how do you approach building an. System, and it's not just building another Sask product, a rule based software engine and so forth. I think the last thing I would say is business models for companies. And, you know, like I said, you can look at the ones for Seed Pelletier. They're not really fully suspects. There's always a huge service element to it. Right. So what that means is also, you know, valuations differ and how you actually how how do you get to the kind of valuation they want to get to the first? Because traditionally you look at SaaS, higher valuation services, lower valuation, and that won't work, right? I mean, it's because I companies have to really think about it as a hybrid model. And I'd recommend, you know, honestly, as founders, you should

embrace this focus on value creation for clients or obsessing over sassier metrics, but also like an investor is just knowingly going into that with a mindset saying this is going to be a little different than like a SACE business, if you will. So those are some of the things that I would say are challenging, but also the big opportunities in the sector, something different.

**Speaker1:** [00:18:12.66] So it seems like you have to build substantial datasets and have unique data analysis and then you can have to actually build the algorithms. And that's a substantial cost up front. How do you see most people covering that process?

**Speaker2:** [00:18:27.69] So, I mean, first of it, you don't have to pay the cost up front, but it's less about I would say it's not so much the amount of data that actually determines this. Right. It's more about understanding the context and having the right data set that actually captures that context and using it to train it. Right now, most good startups that I know actually identify the problem, understand what makes the problem take and how do you have a hypothesis of solving that problem and then get that early customers to either give them the data or they have access to that data through some other means and then go solve it, go really solve it. And then that process you learn a lot more because you know that it's not just data, it's understanding the context of the data, the subject matter, expertise with respect to the data. It's a fact that your algorithms, as I said, are available free, you know, open source, 80, 90 percent of all algorithms in the world are free and open source. Right. How do you edit and customize that for the particular domain of the problem? That's the hard part. And it's usually what I have seen as working in partnership with your only customers. You know, unlike a regular SaaS product, you will build something and throw it over the fence and say, let's play this gets them all the customers. It's going to be harder to do that in I in general.

**Speaker1:** [00:19:40.68] Well, great. When the last few minutes that we have here, what else should we cover that we haven't?

**Speaker2:** [00:19:44.43] Well, I mean, I think we covered a lot, but I try to pack everything into the short form format that you had. I would say, you know, the future is super bright, right? There is. I mean, I'm a huge technology optimist. As I mentioned. I think there are two teams that are emerging very, very clearly in the space. One is I call it radical automation, which is your A.I. and machine learning. How do you automate more and more mundane human tasks? So



you allow human ingenuity to actually come up versus, you know, just operating through normal, mundane stuff. Right. Automate all that is free of the human mind to actually do bigger, greater things? Well, the second trend and we see that and how the crypto world woke up this last two years again is radical decentralization. Right. And I put it that way. From our perspective, there is mistrust of centralized organization started with governments a few years ago, five years ago, eight years ago. It started with the how how much people trust Wall Street or any of the centralized institutions. So what that is also doing, even to an extent that what covid did in terms of creating these remote workforce. Right. All of that is just decentralizing the concept of a central thing that runs everything right. It say to the people that are everywhere, it's the system that's everywhere. It's centralized. It's no longer centralized decision making system. It's more decentralized systems. So I would say those two trends are going to rule it all and define a lot of changes you're going to see over the last over the next two decades or more.

**Speaker1:** [00:21:14.52] That's great. So how best for listeners to get back in touch with you?

**Speaker2:** [00:21:17.86] Well, I'm fairly active on Twitter and LinkedIn, but Twitter is probably the best way to do it. Do me follow me or should me a question there. Love to engage. I'd love to actually engage with other investors for sure. And I'm pretty I'm fairly active in this space.

**Speaker1:** [00:21:32.10] Do well, great. I want to thank you for joining us today. We'll include those in the show notes and hope to have you back for a follow up soon to me.

**Speaker2:** [00:21:38.52] How thank you so much for having me here.

**Speaker3:** [00:21:42.61] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect, Doug. Paul Martin is the director of investor Canek, which is a 523 non-profit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.