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What people get wrong when building AI ventures

@jackwowen

Entrepreneur First has more machine learning investments than anyone else in Europe

We have built 100 companies worth collectively over £1billion

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EF solves the biggest problem connected with starting a company...

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We fund you to find a cofounder

We fund you to find a cofounder

(and come up with an idea)

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Smart people have terrible ideas

You probably have a bad idea

'Ideas' become hammers looking for nails

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An idea is about *a solution*

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People like you love solutions

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"My idea is to use Deep Reinforcement Learning to optimize transportation schedules."

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Why might this company fail?

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1. Deep reinforcement learning doesn't work well enough

2. This isn't a big enough problem for transportation companies

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1. Deep reinforcement learning doesn't work well enough

2. This isn't a big enough problem for transportation companies

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Every EF company to date has failed because they couldn't find a **big enough problem to uniquely solve**

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Find a *real problem*, and the solution tends to follow

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"

In a great market — a market with lots of real potential customers — the market pulls product out of the startup"

Marc Andreesen

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A **"hair on fire"** problem:

Something so painful and urgent that the customer will try any solution...

...even the half-baked, imperfect, 'ideas' you initially come up with

Product-market fit

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Market-product fit

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Solutions are myopic

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"My idea is to use Deep Reinforcement Learning to optimize transportation schedules."

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AI means that you have no excuse not to be ambitious

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What we have learnt about ambition

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1. Lowering ambition doesn't save you

2. You have to bake ambition in from the start

3. Ambitious companies create a "behaviour explosion"

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Make something easy that's (a) hard and (b) a bottleneck

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"If _____ were easier, there'd be way more demand to do it – and we'd be the gatekeeper"

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Common mistake: making something easier that's not a bottleneck

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Your opportunity cost is too high to do something that's not huge

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EF funds you to find a cofounder

Cohorts start April & October
100 people for 3-5months
Application deadline: 31st December

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