I'm really excited to share with you some findings / that really surprise me about / what makes companies succeed the most, // what factors actually matter the most for startup success. //

I believe that / the startup organization is one of the greatest forms to make the world a better place. // If you take a group of people / with the right equity incentives / and organize them in a startup, // you can unlock human potential in a way never before possible. // You get them to achieve unbelievable things. //

But / if the startup organization is so great, // why do so many fail? // That's what I wanted to find out. // I wanted to find out / what actually matters most for startup success. //

And I wanted to try to be systematic about it, // avoid some of my instincts / and maybe misperceptions / I have from so many companies I've seen over the years. //

I wanted to know this because // I've been starting businesses since I was 12 years old // when I sold candy at the bus stop in junior high school, // to high school, / when I made solar energy devices, // to college, / when I made loudspeakers. // And when I graduated from college, // I started software companies. // And 20 years ago, // I started Idealab, // and in the last 20 years, // we started more than 100 companies, / many successes, / and many big failures. // We learned a lot from those failures. //

So I tried to look across // what factors accounted the most for company success / and failure. // So I looked at these five. // First, // the idea. // I used to think that / the idea was everything. // I named my company Idealab / for how much I worship the "aha!" moment // when you first come up with the idea. // But / then over time, // I came to think that // maybe the team, / the execution, / adaptability, / that mattered even more than the idea. //

I never thought / I'd be quoting boxer Mike Tyson on the TED stage,// but he once said, // "Everybody has a plan, // until they get punched in the face." // And I think / that's so true about business as well. // So much about a team's execution is / its ability to adapt to getting punched in the face by the customer. // The customer is the true reality. // And that's why / I came to think that / the team maybe was the most important thing. //

Then I started looking at the business model. // Does the company have a very clear path generating customer revenues? // That started rising to the top in my thinking about maybe / what mattered most for success. //

Then I looked at the funding. // Sometimes companies received intense amounts of funding. // Maybe that's the most important thing? //

And then of course, // the timing. // Is the idea way too early / and the world's not ready for it? // Is it early, // as in, // you're in advance / and you have to educate the world? // Is it just right? // Or is it too late, // and there's already too many competitors? //

So I tried to look very carefully at these five factors across many companies. // And I looked across all 100 Idealab companies, // and 100 non-Idealab companies to try / and come up with something scientific about it. //

So first, // on these Idealab companies, // the top five companies // -- Citysearch, / CarsDirect, / GoTo, / NetZero, / Tickets.com / -- those all became billion-dollar successes. // And the five companies on the bottom // -- Z.com, // Insider Pages, // MyLife, // Desktop Factory, // Peoplelink // -- we all had high hopes for, // but didn't succeed. //

So I tried to rank across all of those attributes / how I felt those companies scored on each of those dimensions. // And then for non-Idealab companies, // I looked at wild successes, // like Airbnb / and Instagram / and Uber / and Youtube / and LinkedIn. //

And some failures: // Webvan, // Kozmo, // Pets.com Flooz // and Friendster. // The bottom companies had intense funding, // they even had business models in some cases, // but they didn't succeed. // I tried to look at what factors actually accounted the most for success / and failure across all of these companies, // and the results really surprised me. //

The number one thing was timing. // Timing accounted for 42 percent of the difference between success and failure. // Team and execution came in second, // and the idea, // the differentiability of the idea, // the uniqueness of the idea, // that actually came in third. //

Now, // this isn't absolutely definitive, // it's not to say that the idea isn't important, // but it very much surprised me that // the idea wasn't the most important thing. // Sometimes it mattered more / when it was actually timed. //

The last two, // business model / and funding, // made sense to me actually. // I think business model makes sense to be that low // because you can start out without a business model // and add one later if your customers are demanding / what you're creating. // And funding, // I think as well, // if you're underfunded at first // but / you're gaining traction, // especially in today's age, // it's very, / very easy to get intense funding. //

So now let me give you some specific examples about each of these. // So take a wild success like Airbnb // that everybody knows about. // Well, // that company was famously passed on by many smart investors // because people thought, // "No one's going to rent out a space in their home to a stranger." // Of course, // people proved that wrong. // But one of the reasons it succeeded, // aside from a good business model, // a good idea, // great execution, // is the timing. //

That company came out right during the height of the recession // when people really needed extra money, // and that maybe helped people overcome their objection to renting out their own home to a stranger. //

Same thing with Uber. // Uber came out, // incredible company, // incredible business model, // great execution, // too. // But the timing was so perfect for their need to get drivers into the system. // Drivers were looking for extra money; // it was very, / very important. //

Some of our early successes, // Citysearch, // came out when people needed web pages. // GoTo.com, // which we announced actually at TED in 1998, // was when companies were looking for cost-effective ways to get traffic. // We thought the idea was so great, // but actually, // the timing was probably maybe more important. // And then some of our failures. // We started a company called Z.com, // it was an online entertainment company. // We were so excited about it // -- we raised enough money, // we had a great business model, // we even signed incredibly great Hollywood talent to join the company. // But / broadband penetration was too low in 1999-2000. // It was too hard to watch video content online, // you had to put codecs in your browser / and do all this stuff, // and the company eventually went out of business in 2003. //

Just two years later, // when the codec problem was solved by Adobe Flash // and when broadband penetration crossed 50 percent in America, // YouTube was perfectly timed. // Great idea, // but unbelievable timing. // In fact, // YouTube didn't even have a business model / when it first started. // It wasn't even certain that // that would work out. // But / that was beautifully, / beautifully timed. //

So what I would say, // in summary, // is execution definitely matters a lot. // The idea matters a lot. // But / timing might matter even more. // And the best way to really assess timing is // to really look at / whether consumers are really ready for what you have to offer them. // And to be really, / really honest about it, // not be in denial about any results that you see, // because / if you have something you love, // you want to push it forward, // but / you have to be very, / very honest about that factor on timing. //

As I said earlier, // I think startups can change the world / and make the world a better place. // I hope some of these insights / can maybe help you have a slightly higher success ratio, // and thus make something great come to the world // that wouldn't have happened otherwise. //

Thank you very much, // you've been a great audience. //