

THE SECRET

Preface

Bonjour everyone. Something big is going on right now ... something that feels like buying bitcoin in 2015 for €220 and selling it today for €23,100. Before you read further, please make sure to find a quiet place. You need to read the whole paper from top to bottom. Don't skip; don't skim. The whole paper won't take you any more than 10 minutes.

The secret behind every successful startup is leverage

WHAT? LEVERAGE?

What exactly is leverage? Almost 2,300 years ago, Archimedes, a famous Greek engineer, discovered the phenomenon of leverage. A leverage is an advantage gained in a system. Through a lever, an input force provides a greater output force. Archimedes once said: "Give me a lever long enough and a fulcrum on which to place it, and I shall move the world."

Successful startups like **Stripe, Uber, Airbnb, Calm, and Slack** all use some forms of leverage to their advantage. Leverage (when your input is disconnected from your output) is what makes them successful. In businesses with high leverage, an hour of work can have a huge effect.

"Leverage is when your input is disconnected from your output."

EXAMPLES OF LEVERAGE

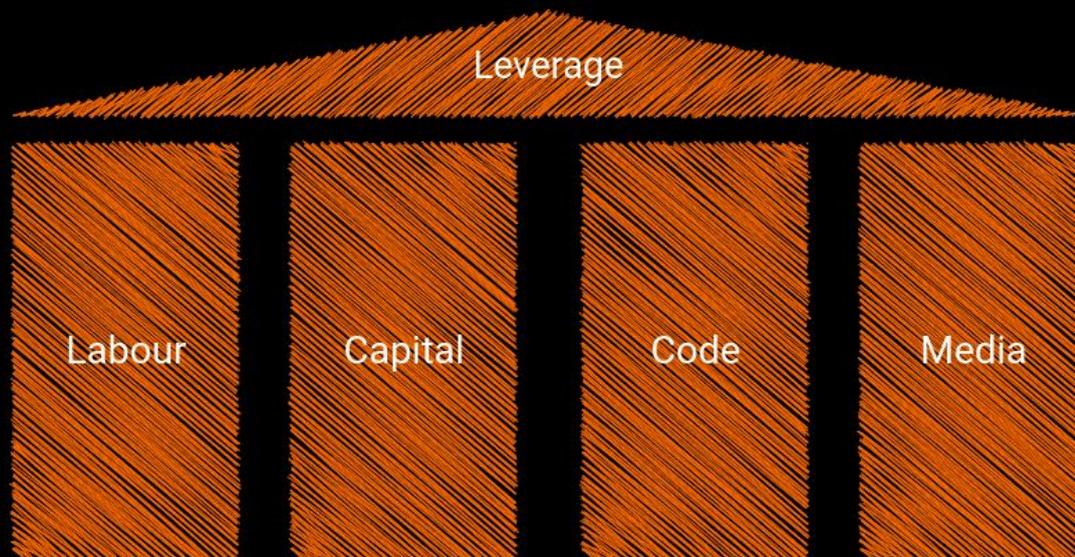
Let's look at an example of a high-leverage business: software engineering. Imagine you have hired Satoshi Nakamoto to create a product for your business. Within a year he created bitcoin. He creates billions of dollars in value for you and society. Now you own bitcoin and everyone uses it as digital currency. It doesn't matter what you do, you always will get paid disproportionately.

Now, let's look at an example of a low-leverage business. Imagine you have a shoe repair service with a single shoemaker. Even if you hired the best shoemaker in the

world, you won't be able to generate billions of dollars in value. Your world's-best shoemaker will repair two to three times more shoes per hour than your competitors, and that's it. You'll need to keep working hard to earn your money. Based on these examples, you can see the difference between high and low-leverage businesses.

FOUR FORMS OF LEVERAGE

To understand how high leverage businesses work, we need to make a distinction between four forms of leverage: labour, capital, code, and media. Let's elaborate on each point, so you'll understand how to apply leverage to your business.



History says that the Egyptian pyramids were built by 100,000 people. That was around 5000 years ago, and it took them 20 years to build them. This example shows us that labour is the oldest form of leverage, which basically means that people are working for you.

Next is capital, the second-oldest form of leverage. Capital basically means your money is working for you. For thousands of years, humanity only knew these two forms of leverage: people and money. But in the 21st century, humanity has discovered two new forms of leverage--namely code and media. These areas are where new fortunes are made.

“Code or media. This is where the new fortunes are made.”

Forbes lists all "new" billionaires: **Jeff Bezos, Bill Gates, Mark Zuckerberg, Pavel Durov, and Jack Dorsey**. They all become rich through code, by which they built products for billions of people. Mark Zuckerberg became rich through code. Did you think he works harder than you and me? He doesn't. He works the same amount of time. Like all of us, he only has 24 hours per day. What differs him from everybody else is the fact that he uses leverage at its full potential.

Besides code, media is a new form of leverage too. Media is the concept of scalable marketing. I'm not talking about Google Ads or Facebook Ads, here. I'm talking about things like podcasts, blogs, youtube vlogs, and content marketing. This type of marketing has zero costs of reproduction. Every new listener to a podcast or every new viewer to a video doesn't increase marketing costs. Currently, some six-year-old kids are making \$18M per year on Youtube.

Clearly, code and media are different than labour and capital. To get more leverage in labour, you need to hire more people, but hiring more people is the least optimal form of leverage. Similarly, to get more leverage in capital you need more capital, or at least you need to wait for interest to compound. Therefore, labour and capital cannot be reproduced without additional costs. In contrast, code and media can do so.

“Code and media have zero costs of reproduction”

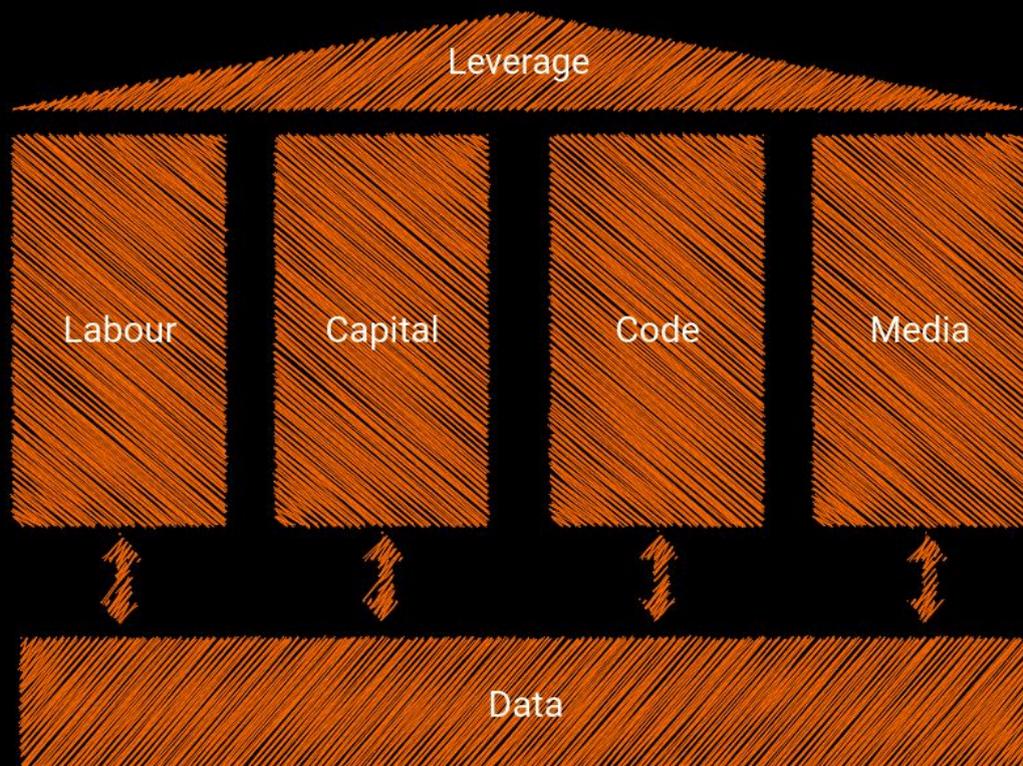
LEVERAGE FOR YOUR STARTUP

The oldest forms of leverage are labour and capital. The newest forms of leverage are code and media. All new fortunes are made through code and media, but the goal is to mix all four forms of leverage. Most successful tech startups minimize labour and use capital to maximize code and media. In simple terms, you need a small team of

high-quality employees who are able to develop and promote a product with no cost of reproduction. The theory sounds easy, but reality is different and messy. For instance, you need to know how to hire, and you also need to know how to build and optimize your products and media. The simple solution to this complex problem is data. All successful startups drive their decisions through data.

“Data powers everything what we do” ~ Jeff Weiner, CEO, LinkedIn

Data has no emotions; data is not subjective. How does Google hire and retain their employees? They use a concept called people analytics. How does Uber optimize its marketing? They use machine learning to estimate the effectiveness of different media channels. These companies take being data-driven seriously. They understand that just hiring people, building products, and launching marketing campaigns is not enough. To successfully use the four forms of leverage, you need data. Data is the ground for all four forms of leverage. But here comes the clue! **The most successful startups went one step further to get** ahead of the crowd. What do they do differently than the rest?



NEW, BREAKTHROUGH TECHNOLOGY

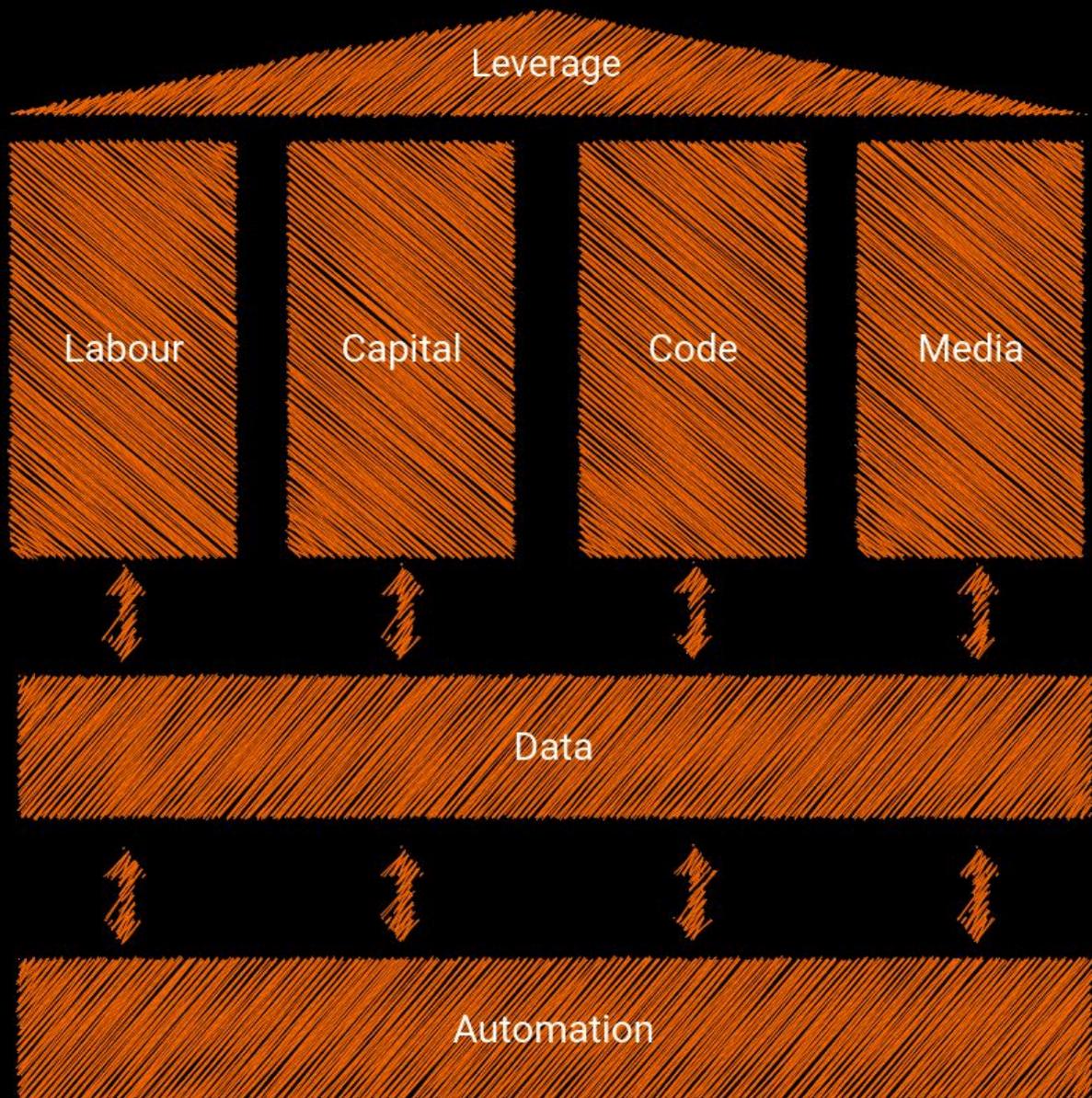
Let's start with what almost every company is doing now. Everyone does some sort of data collection. Everyone tracks something. Everyone tries to make decisions based on data. Most of the time, the decisions are made through human intervention. For example, someone runs a marketing campaign, looks at the data, and then makes a decision. Usually, however, a large amount of real-time data is coming in, and humans are simply not capable of working with large volumes of data. This problem is exactly where other successful startups went one step further. They use machines to automate the decision process. Machines optimize their product performance, media channels, and sales processes.

Admittedly, some technology is not available to everyone. But most of the technology has recently become available. Even small companies are now able to use the newest tools, including the two main technologies available: automated machine learning (AutoML) and GPT from OpenAI.

AutoML and GPT enable everyone to use the same automation tactics as Uber, Slack, Airbnb, and Tesla. **There is no longer any need to have an army of experts develop complicated algorithms.** AutoML and GPT do it automatically for you. You can cover many business cases with AutoML and GPT, including customer scoring, human-like content generation, marketing channel prediction, offer acceptance prediction, customer churn prediction, and all sorts of forecasting. Even a single-person startup can now start using AutoML and GPT.

“AutoML and GPT enable everyone to use the same automation tactics as Uber, Slack, Airbnb, and Tesla”

The previous technological advantage for elitarian companies has become good for everyone, which makes their competitive advantage slightly fade away. When data is the ground, then automation is the fundament for all forms of leverage.



HOW DO YOU USE NEW TECHNOLOGY?

Every startup is now able to use similar automation algorithms to Uber, Google, and Amazon. Since the technology is still new, all early adopters will get a head start. According to Andrew Ng, Professor at Stanford, any company can immediately start to use the technology by following these steps:

- Execute pilot projects to gain momentum: Your first projects should be a success.
- Build an in-house team: Use outsourced partners to gain initial momentum faster. In the long term, build a team or re-educate your employees.
- Provide broader training: You should give everyone the knowledge to use the technology.
- Develop a strategy: Your strategy will guide your company toward creating value for the organization.
- Develop internal and external communications: New technology will likely bring significant benefits to your customers; make sure to market it properly.

As Andrew Ng wrote, you can start now, using outsourced partners to gain initial momentum faster. While other startups are still doing basic data analytics stuff, you can start today using AutoML and GPT to attract more customers, grow your revenue, cut costs, and make marketing more profitable.

SPECIAL BONUS

WARNING: The text below was automatically generated by OpenAI's GPT. It was completely written by a computer with no human intervention.

Technology is not necessarily a problem. It's the human mind that determines how technology will be used, and humans have always been prone to use it for their own self-serving interests.

“AutoML and GPT feels like buying bitcoin in 2015 for €220 and selling it today for €23,100. ”

DO YOU WANT TO KNOW MORE? CONTACT US NOW.

AUTHOR

Dimitri Tarasowski is an HEC Paris & MIT executive education alumnus. He has 16 years of experience in data analytics. He is interested in Stoic philosophy, Renaissance art, 19th-century Russian literature, and French cuisine. He has experience in scaling a business to 20+ new markets. He is living and working in Berlin. He speaks five languages and has three children.

CONTACT

Email: hello@tarasowski.de

Web: <https://www.tarasowski.de>

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