[INTRO]

**George Lee:**    I'm George Lee. I'm the Co-Chief Information Officer at Goldman Sachs. And I'm joined by Ali Ghodsi, who is Co-Founder and CEO of Databricks. Ali, thank you so much for taking the time to talk with us today.

**Ali Ghodsi:**    My pleasure. Super excited to be here.

**George Lee:**    So, let's start at the beginning. You know, *Forbes* recently published an article about you that chronicled your very unusual personal journey and backstory. And so, maybe you'd fill in some of those blanks for our audience.

**Ali Ghodsi:**    Yeah, look, I was born around the revolution in Iran, 1978. And my parents were on opposition. So, around 1984, this was the height of the Iran/Iraq war. The situation was getting pretty heated inside Iran. And since they were in this opposition group, they kind of got tracked down. And I think we had something like 24 hours to get out of the country, to flee.

So, you know, they got our family friends over to the house and said, "Take whatever you want. You don't need to pay us anything. We're leaving the country in 24 hours." You know? And we were out. And it was sort of any country that would accept us. And at that time, Sweden had really sort of generous policies for giving asylum seekers visas. So, we went to Sweden. And that was sort of the very, very first beginning.

And you know, in the beginning they didn't want to really stay in Sweden. So, we were living kind of a nomadic life, moving from one sort of student dorm to another. One room, shared kitchen with a bunch of students. They kept evicting us. In the beginning it kind of started like that.

But eventually, we settled down. And they got me a broken Commodore 64. So, I started programming, I think, in second or third grade. That was the beginning of my journey with computers.

**George Lee:**    I love it. Like many of our generation, these journeys begin with a Commodore 64. I love it. It's fantastic.

Boy, that experience must have been, I mean, disruptive in another sense of the word. Very settled life, although you were quite young, and then thrust into an atmosphere of uncertainty. And obviously, you made the most of that time ever since. What

about that experience has informed the way you think about being an entrepreneur, managing people, leading teams?

**Ali Ghodsi:** Yeah. The way I reflect on it, and I didn't think of it this way until sort of much later when I had to do this job as a CEO. So, we went from sort of wealthy, upper middle class in Iran to sort of really difficult financial situations. And then being evicted. Moving around a lot. Schools. Environments. Then I went into academia. So, I got my PhD and was in that. And then now in the business world. So, you get to see a lot of different people and their value systems and their cultures.

And as a CEO, it's really, really important because you have lots of different constituents. You have employees. They belong to different departments. Sales folk are very, very different from, say, finance folks or marketing folks. From R & D, engineers, investors, customers. So, the key thing is can you empathize with them? Because if you read any management book or any self-help book, they all have one idea in them. Which is, it's not about you. Try to assimilate the other person, how they feel, what they want, or what they want to buy, or how they feel about your product, or how they feel about how you're treating them as employees, or, you know, what did this mean for them? So, if you can empathize and really assimilate how people are thinking, you can much better connect to them. And I think that's really, really crucial. So, that's what it taught me, is try to figure out how is this person thinking about what they're getting out of this? And how are they thinking about it? If you can assimilate that, I think that helps you a lot in dealing with different people.

**George Lee:** Well, let's talk a bit about the product and fast forwarding from the Commodore 64. How do you describe Databricks?

**Ali Ghodsi:** What we do and what we're trying to do is we're trying to help all enterprises build their future. So, what do I mean by that? I mean leverage data and AI to disrupt the industries they're in.

If you think of it, let's take an example, Twitter or Uber, you know, Twitter is not about the tweets. Uber is not a cab company. It's a data and AI company. Airbnb is a data and AI company. Google is a data and AI company. Facebook is a data and AI company. Without data and AI, none of those companies would at all be where they are today. That was the secret sauce.

What about all the other enterprises? What about the Fortune 500, Global 2,000? How do we help them build their future with data and AI the way Uber, Facebook, Google did? That's our mission. And a lot of that has to do with organizing their data and helping them apply AI and machine learning and do predictions in their own organization everywhere. So, it's democratizing that data and AI within those organizations. That's our mission. That's what we're trying to do.

**George Lee:** How would you characterize your culture?

**Ali Ghodsi:** Yeah. So, you know, we spent a lot of time thinking, what do we not want to be? What do we like from other companies? What are the things that—how do we want to configure this company?

First of all, culture, we saw it as two different things. There's the culture of how do we get along, like, inside this company. How do we work? Do we have an aggressive culture? Are we collaborative? So, a lot of it is just a code of how do you make thousands of employees gel well together? That's one aspect of it. Then there's another aspect of culture which is what are the culture principles that make us competitive in the market so that we can beat the competition? Amazon has frugality as a culture principle. I think it's their seventh culture principle. That makes sure that they always have the cheapest products that they're producing. What are those for us?

So, what we ended up with is, one, we're super uber customer obsessed. So, a large inspiration of that came from Amazon, working backwards. You know, 2012, when we're talking about the company and building it, we wanted to create a company that was customer obsessed through and through. So, if you want to succeed as a Databricks employee, you really have to always put the customer first and make sure that you're doing what's best for them. If you look down at these companies and say, "Oh, they don't know data and AI and we're so much smarter," then this is not the right place for you. We're here to help these companies succeed with data and AI and build their future.

So, we hire for that. We promote for that. And if you're a fantastic employee but you don't have that, you probably won't do well here. So, that was one very important—makes us strategically very competitive. It means we cannibalize ourselves before the competition does. We invented Spark at Berkeley. But I said early on we don't want to call the company

The Spark Company. And we want to get rid of Spark and replace it with the next thing and the next thing. We do whatever the customers need. We shouldn't be tied to the technology or what we invented here and there. That should come first.

Second, we're data driven. So, we said let's the data decide. So, it's a Cloud company. Everything is orchestrated. I can, in engineering and R & D, tie back revenue to every click. Everything that you do in our product, I can say how much revenue it's describing for the business. So, it's an extremely data-oriented company. That's not a surprise, right? Data and AI company. But we apply it to everything we do internally. So, everybody inside Databricks uses Databricks for finance, does revenue predictions, customer success return, and so on.

Three, I think the third one was very important for us. We saw as companies grow, they become inefficient. A lot of it is because they don't get alignment. You build up these silos and these walls between these different departments. And we noticed that in big companies, sometimes the hatred between departments is bigger than how much they hate the enemy, the competition. You know? "Oh, that department, those people, they're knuckleheads." So, we really wanted to make sure that we don't end up with a company that's that way.

So, we emphasize, really, what we called the "company first, team first principle." Which is do what's best for your company. Put your company hat on. And for your peers. Don't do necessarily the thing that's best for your department or your career. And we drove that as a culture principle in the company. And that's hard to do because, of course, we all want our careers to do well. We love our employees that work for us. They're like us. They come from the same background. And you hired them, and they never talk back to you. So, they're awesome, right? But that's how you end up with these silos. Let's align you with your peers and what's the best for the mission. So, that's a really important culture principle for us.

Fourth, we're teamwork oriented. So, it's a teamwork-oriented culture. So, we say teamwork makes the dream work. And the final one that's really important for me that I spent a lot of my energy on, especially if you're hyper scaling the way we did, doubling every year the number of employees, is we call it "raise the bar, don't settle." So, we've sort of really spent a lot of energy figuring out what kind of employees do we want here and how do we test for that. And we have a lot of process around making sure that we're getting people that are amazing.

Because again, if we're going to cannibalize our own software, and if we think this is the very early innings, this is day zero of data and AI, then actually the software that we have today, the innovation that we have today actually doesn't matter. In ten years, it's going to look very different. So then, those employees that we're bringing in now, that are going to keep innovating and changing this for the next ten years, are actually more important than anything we've done in the past.

**George Lee:**    Let's go back and talk about something you noted about the spirit of innovation being one of your key principles. You said you never wanted to rest on the laurels of Spark alone. And, in fact, you've lived up to that and created new products like Delta Lake and MLflow. Talk about how you—what are the mechanisms you do to drive that product creation spirit into the company?

**Ali Ghodsi:**    Yeah, first, again, back to the tell them, don't fall in love with your own creation. Cannibalize yourself before someone else does. You know? Kill your darlings is what we tell them, right? So don't get too attached to what you created. And focus on the customer. So, they know that that's the principle in the company.

And also, in the very early days there was a discussion/debate what do we call ourselves? You know? Spark has the potential to be so big. Why don't we call ourselves Spark Company or Ignite or something like that? And we said towards the beginning, you know, we're going to have a lot of different innovations. They're going to be—you know, brick by brick we're going to innovate. And there are going to be lots of different data bricks that we come up with. So, let's just call ourselves Databricks and not get too tied to it.

So, a lot of it, culturally, has sort of been already communicated to the company. But how do we actually do it? Saying these things doesn't necessarily lead to anything, right? You can tell people.

So, what we do is, we sort of figured out the factory—this is a great question, actually, I have to say, George, because it kind of gets to the core of what Databricks is really good at. What we do is we focus on the enterprises and the problems they have. So, we'll spend a lot of time with Goldman Sachs trying to understand, what are you trying to actually do with this risk assessment project? We want to try to deeply understand you. We bring it back. And then we've invested a lot in R & D. So, we

have these tech leads, typically from Berkeley or Stanford or MIT, somewhere. Once they reach a certain level we call them L6 or L7, we let them take a crack at the problem. So, they solve the problem.

Then what we do is we always open source the project. The core innovation, we open source it. And then we've cracked the code in marketing in a function that's called developer relations. It's a different type of marketing than what most companies in the industry do. It's not the kind of corporate marketing. Rather, it's this kind of bottom-up developer adoption kind of marketing. They would actually hate to be referred to as marketers. They look like developers. You know? They have sneakers and t-shirts. You know? They're actually developers. They code and they go and give talks and they go to meetups. So, we put them on these open-source projects. And what that does is that these open-source projects then get massive momentum. It's almost like, we're a B-to-B company, but the adoption these projects get is almost like B to C. Right? Millions of downloads. It's free, right? So, take MLflow that you mentioned. Had 5 million downloads last month. Right? Imagine getting to 5 million customers. How hard would that be? This is a project that's only been around for two years.

So, now you have this groundswell of adoption. But that doesn't mean you make any money. So, comes the last part that's really crucial which is offer that as a service. So, the SAS version of that is completely proprietary. And that's about 80 percent of what we do. Offer that as a service. And it turns out it's really hard to make sure that that open-source project is secure. And Goldman Sachs wouldn't want to use it if it's not secure.

And it turns out the kids that want to build open-source software, they're not looking forward to making the software FedRAMP compliant or SOX e compliant. So, we build a lot of that. That's proprietary code. And offer it as a service. So, secure. Reliability. And then performance. So, if we can make something 100 times faster, we keep that proprietary, because 100X faster means 100X cheaper for the customer because, you know, using one machine for one hour versus using 100 machines for one hour, translates directly to TCL reduction. So, that's that journey of problem, the tech lead innovates, you open source it, you drive massive adoption through DevRel, and then you monetize it, some way AWS monetizes, actually. Their monetization model is the same. Those are SAS services that you kind of rent out to customers.

**George Lee:**    Yep. I'm ashamed to resort to a very Americanized metaphor here, but when you look at the world of AI, what inning are we in? In other words, how far along this journey are we?

**Ali Ghodsi:**    Early first inning. Early. Early.

**George Lee:**    Yeah, the "National Anthem" may just be being sung, yes, exactly. It feels early to me too.

**Ali Ghodsi:**    It's very early. The way, again, think of a Google or a Facebook or a Twitter, we're very far away from every enterprise on the planet being that way. But it is going to be that way. You know? I mean I know this is cliché, but Marc Andreessen said, "Software is eating the world." He meant, you know, software is in your Apple Watch. It's in your Nest thermostat. It's in your Tesla car. Everywhere it's software.

But I really think AI will eat all of software. Wherever you have software, you're going to collect data and you're going to automate things. It's going to be more intelligent. So, you get more intelligent software. And that's in the very early days. I mean, we're still in the software is eating the world kind of phase. So, yes, it's very early.

**George Lee:**    And what are the implications of that for, you know, companies building this teams, thinking about their businesses? What advice do you—when you get a chance to meet with CEOs of big companies and they ask for your advice about their own strategy, what do you tell them?

**Ali Ghodsi:**    Well, start thinking about it and build the foundation now. It's not just an afterthought or just get a team of data scientists in. That not how Google did it. It's not like they had a little group of five people doing data and AI and then the whole organization became revolutionized. So, think about it early on.

Make sure that you future proof yourself. With big organizations that have long history, it's easy that the data gets siloed and stuck. And it's difficult. You have organizational processes. So, a few things I tell them is make sure you leverage the Cloud because it let's you get the latest hardware, the latest data sets you can buy there. It just let's you be more agile. That helps you be future proof.

Leverage open and open source because you can then avoid getting

locked in. And that's also a great way of future proofing. That's what the FAANGs did. They leveraged open source. So, that you don't have to get stuck on old data platforms that now you can't move off of for the next five years.

And then, make sure that you're actually really, really investing in AI.

**George Lee:**    Congratulations on all your success. And thank you for all that you're doing for Goldman Sachs.

**Ali Ghodsi:**    Thank you so much, George. Thanks for having me. I really enjoyed this.