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Oral History Conversation with Rasto Ivanic (GroupSolver)

Andreas Breitenberg-Scavuzzo
University of San Diego

Courtney Abbassian
University of San Diego

Devon Parikh
University of San Diego

Majid Bouresli
University of San Diego

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RASTO IVANIC (GROUPSOLVER)

with Andreas Scavuzzo, Courtney Abbassian, Devon Parikh, Majid Bouresli

Devon: So our first question...it's pretty like...open ended. It's just- what was your childhood like? I guess we can start with... where are you from?

Rasto: I was born in Czechoslovakia which no longer exists. It was between the Czech Republic and Slovakia. So, I grew up on the East side of that country. It's called Slovakia now. I was born under the communist still. So, my childhood was very much influenced by the propaganda and living under the...you know... one party rule. Something...maybe Kuwait is like it...it's not exactly free either. Uh, and then when I was a teenager, the revolution happened and uh... everything changed. It became a democracy. Not overnight. I mean it took some years, we went through some pretty crazy periods where everything went without rules. So, my childhood was...protected, you could say.

Devon: Okay... and do you know if like anything specific during your childhood contributed to um...like towards the vision of GroupSolver? Or is that later on in life?

Rasto: Oh, it's hard to tell. But I think one thing I can think of was that we were always encouraged to...um... it has nothing to do with anyone else except for my family maybe, maybe some teachers... it was, we were always encouraged to think for ourselves. So, I was always encouraged by my...my grandfather I would say mostly. He was a math teacher in high school. To...it's not important to know the formula to answer the problem. Uh, it's important to be able to think through it and come up with it...you know, by yourself. Again and again and again...because you forget the formula you just don't forget how to think so I think that was a kind of...one very important part. Kind of like critical thinking. The other part, when we think about GroupSolver- what we do and what we will end up doing after we've made a lot of money...um, and I will talk to you about money later...um, we are always very idealistic about uh, the right and wrong and poor and rich. So, the US was always the enemy- the rich people who were oppressing the poor, right? So, always read about other countries, you know, very idealistic stories. Not exactly realistic, by talking about how, you know, the British empire oppressed others and so there was this sense of idealism that things can get better- and I think if, you know of, you have it from your childhood, you end up...it ends up forming you. So, you- hopefully, that prevents me from becoming very cynical, and believing that- you know, Donald Trump is as good as it gets. So, I think those are the two biggest influences and I'm sure there's a ton of others...if I talked to a psychiatrist I'm sure they would find lots of things. But, that's probably beside the point rights now.

group laughs

Devon: Alright...um...and then what did you study in school like high school and/or college? Or the equivalent...if you were like, in Slovakia.

Rasto: Oh right. In high school, it was just general education. Uh, it was essentially a prep for a University. Um...I kind of like...I don't know what I liked. I liked everything and I liked kind of just... living. Um, I had a band, I was doing a bunch of things not including school. But school was OK. In college, um...I studied economics because I felt that was the way to, again, idealistically improve the lives of people. Next, to understand how things work together and uh...setting up the right system essentially determines the outcomes. So, I studied that in college. I came here to the states to study. Um, on a scholarship completely by luck and um, I just kind of...did my own thing. My family was gone, you know, they were in Slovakia. I was by myself. Just, kind of...start...shaping your own destiny. Uh, relying on yourself, looking for your own opportunities. I graduated from college with economics. I realized I couldn't get a job because: A. I was an international student and getting a good job, you know, visas is really hard. So, then- and I also realized I didn't really know that much. You know, an undergraduate degree at a school still doesn't give you that much and so without network, the only option was to either go back or get to grad school. So, I went and studied economics in uh, grad school. I got into a PhD program at Purdue University in the Midwest. Um, economics. After one year realizing that's not what I wanna do...because it was more math than real economics-I was more interested always in the behavior of people and that was just becoming too much math, So I switched to agricultural economics...and agricultural economics was a lot more applied...and it was a lot of, lot of people in the ag-econ department at Purdue...were, working on going to work for the World Bank or working with- for foundations. They were working on things like new crops, um...helping uh, in Africa, helping and just fixing some very basic economics problem. So, I felt much more at home. Finished the degree, got an MBA in between...um...uh...I guess I just still felt like even, you know, applied economics is still not applied enough so I went to business degree. Then I went to work for a big consulting firm after graduating... before graduating. So, I went to work for McKinsey for five year. Got married. My wife made me finish my PhD. Um...year one she said, "if you don't finish now, you'll never finish", I said, "OK". I took time off...like three months, finished it up. And then, after McKinsey, you know, like...McKinsey if you know, is like a big consulting firm...you...end up talking to a lot of companies, a bunch of different things. I ended up working for the Gates foundation for a while so I was leading a project that actually got started there, an entire initiative in agriculture. They were going to do it, it just needed evaluation...of...can we?... putting money in that are making people's lives better? 'Cause they did a lot of things in health, in education...nothing in ag. And so, because I had an economics degree, we put a team together at McKinsey. It was amazing. So...so, I did that and then I moved on. And uh, after five years, uh...of consulting...you know, it's a pretty hard lifestyle...uh, a lot of travel, heavy hours. And so, then I joined an ag-biotech start-up in the bay area. They were developing a new...uh...renewable fuel alternative...a new crop that you could process instead of coal. Um...for energy. that lasted until the economic recession happened in 2008/9 and that's when I left and started doing my own thing instead of building towards the current startup.

Majid: So... how would you describe the dynamic of your relationship with your brother and how would you differentiate your experience of collaborating with him and collaborating with the other people who have been involved in your venture?

Rasto: Wow...did I tell you about my brother?

Courtney: Well, we did a little research but yeah, I was wondering too when your brother came into play.

Rasto: So... he always went to Purdue in ag-econ. Two years after me. And he ended up getting a PhD and he went to work for the World Bank. And so he was building very complex trade models...and uh, you know, he was doing well, um...but he was also getting a little bored and at some point...maybe 3...4 years ago so, I had this idea about helping...literally the whole idea of the startup happened listening to NPR...um...and there was some story on the radio about global warming, climate change, conference in Rio somewhere. And they were talking about how they had like 2,000 people showing up and... meeting and meetings and then they produced some 2,000 pages of something and then it was done. And we were thinking, OK, there must be a better way to solve these difficult problems. So, what if we use technology and a little smart programming to see if we can get people to collaborate without having to agree on everything...but can we get them to actually agree on enough to make a somewhat consensus. So, he was the technical guy...I-I was kind of technical, but he was more. So, we just started working on it...um, he was still having full-time. I was, I think was doing some consulting or whatever, um, and eventually it became enough of a prototype that we actually used it at USD in one of the um...business ethics classes. I think business...no- marketing policy classes. We used it...kind of tried to see if the tool would actually work in a classroom. So, the professor at the time was assigning topics like...should marijuana be legal? or... e-cigarettes, what should the regulations be? So, we used that setting to kind of, see if it worked. And so, my brother and I...we have a very dynamic relationship. We are very stubborn, both of us. We are very um, you could say dominant, you know. But we also, because we grew up together, we also have a very strong appreciation of each other. So, we often explode. I mean, we lived, in grad school... together. So, there are some stories that I could share with you. It's uh...I'm usually the hot-headed, he's the calm guy. Um, so I think the dynamic works very well. Early on, it was easy. Then, as the company started growing, we brought in more people. He was becoming more in charge of the technical part, I was becoming more in charge of the business side and then, you know, the two of us are really driving this company- not in a way that we make all the decisions, 'cause we like everyone to have responsibility. We want everyone in our company to...feel like they are building it themselves. We want this to be fun. We want this to be...we want everyone to own their piece, 'cause the only way you grow a big company successfully is, I think, and without bending to become like a bureaucratic apparatus, is you have to give people something they feel like they can really own...success or failure. And so, we try to be more of mentors. But our relationship is, I mean we get in big fights on the phone in front of everybody. Which is kind of good because then everybody knows that, if the two owners, two founders, are...you know, not treating each other preferentially then everybody else should feel like everything's fair game. So, yeah, it's...I know it's very interesting. A lot of people tell you, "don't start businesses with the family"...for one of those reasons. But I also feel that if you have a unique kind of makes of personality and skills, that actually can work really well. And I think it's going to work out quite well for us...hopefully. Knock on wood.

Majid: So, uh...in class we learned the difference between entrepreneurs and salaried managers. What sets an entrepreneur apart is their courage or ability to act on uncertainty. What is your attitude toward uncertainty and can you share some experiences about how you dealt with it?

Rasto: Uh have I dealt with it? When have I not dealt with it? Um...it takes a personality to start a business and be an entrepreneur. I don't consider myself an entrepreneur...uh...being an

entrepreneur, you know, start-up culture, is something that is very chic, people want to be part of it, it kind of says something. It's a badge of honor, entrepreneur. And you know, people call themselves serial entrepreneurs. I can be very cynical about it, you know, the only reason you're a serial entrepreneur is because your ideas keep failing...and if you're really good, then you build a Microsoft, or you build...you know, Facebook or something. So, I don't necessarily see being an entrepreneur as a destination in my life. It's one phase. I've really always wanted to build a company that could have its legacy and do something really good. And at some point, the company becomes big and you are no longer an entrepreneur. But, the mindset of an entrepreneur is such that...it does deal with uncertainty, it does not require a high level of proof before doing something. You are...you are open. Acting on a gut. But at the same time, you have to also look for funds. So, salaried employees- I mean, we have people on salaries, I mean, technically, I have salary. I don't pay myself all the time but, I do. But we also, everybody has a... every single person in the company has stock options as well. So... that's different about our company...uh...and because I want people to take risks. We keep talking about it...I don't...by definition of an entrepreneur, everybody in my company is an entrepreneur because I want people to fail. I want people to try and fail. I don't want people to play it safe because we are too little, too easy to squash. I mean you have to be moving, you're like a little flea, you are small you can be squashed. But if you are fast enough you can keep sucking on the elephant eventually you'll become really big and strong. And so, dealing with uncertainty requires a lot of confidence...um almost to the point of being stupid. It also requires a little bit of planning. So, I maybe I should've started a company out of college. But with a visa and no money in the pocket it was impossible. Because there is no plan B. So, it's very high risk strategy so if you fail you fail big time. So, I failed when I started group solver it was it was uncertainty not that I would have skin in the game but it wasn't to a point where if we were to fail I would be on the street you know and I would not be able to feed the kids. But dealing with uncertainty is something that if you're not comfortable with it you are going to fail. Because you will need so much confirmation from places that will not give you confirmation. And eventually you'll go crazy. Um, and you know, starting up a new business usually means you don't exactly know where you're going to end so you can't fix it yourself or you need an exit or an investment or solved through Facebook or google. Or even my customer is going to be this versus that you just always have to be aware. Have this critical thinking, I told you right how my grandfather taught me how to do math. It is not knowing the formula, it's knowing how to put it together when you need it, and the same thing with these entrepreneurs. It's always a moving target there's always ingredients for success moving around and you always kind of have to keep track of what's moving in what direction. And when to hop on one and when to hop on another one. When to make a turn and when to keep riding, lots of people told us we're doing stupid things. Um, many times people told us and some people who are in the startup community said your business is never going to succeed it's terrible. It's unfundable there's nothing special about it, well maybe they're right. But we already have 30 people and some people are customers and customers love us. So, we keep growing. Sometimes you have to be confident in yourself and say I know better than you because I spent so much time researching and I talk with customers all the time so I know better than you. But at the same time, you have to listen because there's an experience level so you cannot be arrogant to the point where you ignore everything and you're going blindly into the wall. It's an uncertainty level you know it's just the way it is. Life is uncertain you can walk out of the school and you'll get hit by a tram or a brick can fall. You don't know, you can't play certainty. There is only one certainty in life.

Courtney: could you go a little more in depth about the actual product about how it's growing and developing and the preliminary trials when you first introduced it at USD.

Rasto: So we originally started it we wanted to build something to solve big problems. And the idea was that if you have a good platform then you can create some kind of viral filing where people want to come in and solve the world's problems. Turns out people are lazy and people don't want to. So, then we said maybe it could be educational tool that we could sell to schools and enable students in classes to participate more. We actually had really good feedback, so we have students who would never raise their hands and tell their opinion because they were afraid to be judged. And you know there are people, the "alpha males" or people who just think they're the best. And they will just put you down to the spot, and if you are not up for it you will think twice before opening your mouth. So, we had students coming in saying "your tools are great, I can say what I want and it's anonymous enough that I don't have to be worried to be bashed" but we also don't allow complete anonymity that would blend itself in. But even then, it turns out that it's a very difficult business. Because the only way to make money easily was to charge students just like they pay for books. And so, that kind of felt okay but not exactly nice, so the next thing was um, the apply for a grant from the Gates foundation. See if we can make a tool to help farmers in developing world to give them a voice. So right now, a lot of times, development happens I mean charity development helps poverty. You know, somebody has money and a nonprofit, somebody very often academic, comes up with a great idea. Applies for a grant, the grant is given, and they go pilot it somewhere, and if it works well in one or two villages It's going to scale up. It's always coming from the direction of US of the west towards you know sub-Saharan countries, so often there is a great idea that works out well but a lot of times the voice of what you actually want or how things are actually working by the time you get it out to the people that wrote the check for the grant, the message gets kind of filtered down because you know it's a good program but you don't want to say it as it is. I've seen this first hand, places like the gates foundation, there is a lot of filtering and so we said okay let's just develop something you can use on your phone where you can literally ask farmers in Kenya and say "what are the things that are really bothering you?" so they can tell you if it's water, corruption, specific pests, so we got a grant for that, we started building the platform more towards that, but um....it also turns out that building a new company based on grants is not a good idea. Because then you're dependent on the same people that tried to disrupt. So, we didn't even end up using all of our grant, out of \$100,000 we used some of the money to build the basic platform then we said "you know what?" um number one we post this kind of disruptive technology where we would ask people for their opinions and whatever they say is distributed to people and then your foundation can take it or not. But it'll be out there in public so it'll be known. You can't hide, like "I didn't know there was a problem". So, that was not going to work, our grant was specifically targeted to the SMS. And it felt like by the time we were getting traction with it we felt like SMS started going away, even in Africa and places people are fonder of the internet so we said, by the time we finish this up and develop it beautifully it'll be an obsolete technology. And so, we said okay, what are we going to do? And that was the biggest fear was that we are going to build this as a customer incite tool just like you have survey monkey, so you can sell it commercially you can make money with that and you don't have to ask anyone for permission. And when the time is right when we have our feet stable then we can do something with it. And so, we still want at some point sooner than later to start really contributing to world development and giving those farmers a voice, we still want to eventually build a platform, where you know you come to a website you can click on a dot and literally pull what people are saying. And you can ask them a question and they will answer back, we'll figure out a

way how to make it paid because actually there is a way to do it. But for now, we must first make money and we have to prove to ourselves and our investors that our team, we can make money if you can make money, then you can actually do something. Every time you have to beg for money you are bound by that contract and nobody just gives you money. So, the evolution is like that, right now the business is about 2.5 years old, a year and a half trying to start commercially, we are getting pretty close to breaking even so, this is a huge thing so the business can earn its own way things start getting power we can start doing other things. So, we still have ways to go before we become really big. But right now, I'm running some things, I have a presentation at the world bank for a couple of weeks and they ask me to tell them about our technology so I tell them "guess what, I'm going to show you my technology but I'm going to run a study that will tell you what people think" so I started collecting data from the Philippines, from India from Brazil, Dominican Republic and one more country. We were asking them questions like "what do you want the world to know?" "what do you see in the social trends, what do you see is happening right now in your own words? What do you see happening what are things that are changing?" We also ask them "if you could ask anything of the developed world what would it be?" I have no idea what they all say because I haven't seen the data but we will present it and tell them this is what the world is saying. So we kind of started to do some of it back, I mean we do some work with charities for free and we would do more of that because at the end of the day, Groupsolver was to start giving conversation, more freedom more, participation and solving the world's problems.

Courtney: You talked a lot about agricultural issues being solved do you have any other major visions for Groupsolver that you hope to solve? Or it's just completely up to the population?

Rasto: We based the whole solution on asking why and what but not asking closed ended questions. So, I'm sure there will be other things and I know that corruption in the government is going to come up really high I mean it is my hypothesis I mean I would be shocked if it didn't. Health, trade being fair which there is not a lot of fair in trade. So, I don't know what it is and I think, I don't want to prescribe the solution I think Ag is big because 70% of population in developing world is in Agriculture and that is, you have to make your own food otherwise you die that's the system. So, agriculture has to be big but you also know there are some very basic hygiene and healthcare issues that can be fixed. Um, I supposed I would like to be part of the solution but also, I think before we can solve something like this we should figure out what to solve first.

Devon: Would the Groupsolver connect different countries with each other or just with developed world's companies? Are they being connected directly and how can the people who are connected help?

Rasto: So, that's one thing you know that, I learned in the startup is that if you focus on one problem and solve it well it is very tempting to build a world community but it is very hard. I mean you already have Facebook with the community so you say alright I have to be creative, what is missing? So, a lot of those parts are going to be there. I would, I think our vision would be we're always looking for sustainable things and sustainable not just meaning the environmental perspective but also from a business perspective. But you have to ask for money so you're losing some of that freedom. So, one way to do this is maybe we invest some of our own resources to build the first level of coverage of the world of people talking to us. You know maybe saying the same set of questions about what do you want the world to know, what is

happening with you? How can we help? If you could ask one thing what would it be? And then once you have critical mass then maybe one way to do it say “there are a lot of companies who are looking to enter those countries” even though you and I can think ethically how good is it if Nestle is trying to sell baby formula in some places. But at the end of the day I don’t stand in the way of progress, I want people to make their own choices. But if Nestle will say, “look I will sponsor and analysis I also want to ask what they think about Nestle formula. I think that’s kind of a win-win situation for everyone. So, we’ll need to find a way where this becomes a sustainable thing, without people feeling like they’re being used for their opinion for something for advertising. I mean advertising is everywhere it’s annoying, right? You kind of have to accept some of the inevitable things that’s how people pay for things, you can probably think of situations where you take advertisements or you’re streaming TV where you take some ads so you don’t have to pay for TV. You know it’s just a very delicate balance. And the responsibilities for companies is to just not be too greedy and have a little bit of a filter. I’m not idealistic, I don’t believe that corporations are created to be ethical they will only be ethical if you make them ethical. If you make them behave ethically but by themselves, they’re only job is to maximize profit so it’s up to the shareholders and the investors to watch out for them. And you might have a good CEO once in a while like Starbucks and other places that only do fair trade, you only do good things. But the CEO will leave eventually. We have a bad quarter and then the board will change you because you need to make more money so I think that that’s one thing that we as a company have to understand, our limitations and we can set up a system that can be set up some processes but at the end of the day, and at some point it’ll just take over itself and you just hope if you stood up to the oversight and you set it up in such a way that it will keep itself free and I’m an optimist, I believe democracy is the winning formula form of organizing this society. And I think that one of the basic principles of the markets here is that you live and live and then you take responsibility for their actions and if your plight of same principles to corporations the same results are true as long as you continue to check and that’s that’s the role of being a citizen and voting. At best. I’m rambling.

Courtney: No you’re not!

Devon: You’re doing a great job.

Courtney: This is great information.

Andreas: Do you see Groupsolver as optimizing like aid efforts to underserved countries or something like that. By that I mean let’s say there’s this big effort to send seeds to Africa, but they don’t need seeds, they need irrigation or something like that. And from getting feedback from those communities you can maybe pass that on to these organizations that are trying to send aid?

Rasto: Yeah, I think we I don't think we by ourselves will optimize anything but we can help get the right information to the right place I think you remove the darkness from the process and especially If it's a process of making an investment just so many people so many consultants and so many contractors that become rich off of those things because at some point the person who really gave a couple million dollars of the goodness of their heart just realize that the process take place but when you go through three or four levels down you realize that maybe fifty seventy percent of your dollars are going not to where you want to go and it's very hard it's very hard to keep. You know corporations have their own way to keep people in check and make sure

things don't get stolen because there's a real ownership there but some of the charities are just I mean almost accepting the fact that things are never going to be efficient we underpaid the people who work in charities. Because it's charity so I'm not in my place that reduces the quality of people also gives them an incentive to get a perk So when I went to I went to Kenya two years ago for a workshop for a Gates Foundation grant it was fantastic but because I got to see what's happening in the world but. I did not have to fly first-class, I didn't have to spend the night in a five hundred dollar a night hotel in Kenya you know I you know so there was a lot of things that I was thinking you know reason why we're doing that is because the people who work there you know they don't have a lot of perks. They could make much more money in private sector so they put out they're not going to pay for a nice hotel. They're going to do some of the activities that maybe don't have to and so when you visit this is an economic disincentive for some of these things. And I think I don't think we by ourselves are going to change it but hopefully will make just like the internet made communication cut out a lot of middlemen and that's what we're trying to do hopefully will do you know in some of the developing development if you are lucky. Let's be realistic it's a big problem.

Courtney: Could you talk more about that experience in Kenya or are there any other places that you got to visit for workshops?

Rasto: It was there as it was there. We had a good project happening in Mexico I was going to go there with me we cancelled it when. I loved it because it kind of puts you straight out face to face with some of the things that you are solving. I also felt like you know three or four days we were there we spend maybe seventy percent, together in a workshop talking about processes and sharing experiences and the world was right outside of the wall and we didn't touch it. We went to a couple of villages and you could tell that the same villagers had seen that same kind of situation before they all answer the same way you know there's a definite social order. You couldn't really have too much of the time to go out and just kind of like, hey, how's it really? So, There was there was definitely a little bit of that guarding, and when we finally proposed we found some partners and said like hey let's just kind of like well why don't we just reach out to your farmers and just ask them what's going on, but it was kind of like, yeah OK we can do it, but then we have to get approval from this one and this one and this one... becoming like look that's not the way to do it you have to go grassroots through Facebook through friends through somebody. But not through regular channels because you end up potentially you know breaking this balance of how things are. I mean I was disappointed in the fact that it was so posh in there and it was so short. I really didn't get as dirty as I would like. But I was happy that I actually made it, made it there. But I wish that instead of paying ten thousand dollars for my ticket they gave me the money to do more development work or something else for that kind of felt really wrong. You know you got to spend money because Bill Gates giveth.

Devon: I hate to ask this question but would you say that are any main competitors in the this social entrepreneurship in the industry with Groupsolver's industry. Would you say there is any...

Rasto: I mean they're out there. Companies are trying to do kind of a bit of what we do. A lot of times they're starting from universities on grants and stuff like that, but I wouldn't really consider as competitor.

Devon: They have the same vision but they have a different path to get there.

Rasto: Its vision I think it's a very strong word but a lot of times it's kind of like hey there is a grant can you can we write something up and if you get it well then we go become really into it. It's there are some small small startups who have who are kind of successful. There are reaching out through mobile networks to people in developing world. But I think that I don't know what their vision is it's kind of, I don't wanna say bold. I don't know it's just feels more transactional. But there's a lot of social entrepreneurship I don't take me wrong there are people who go and, I had a colleague, McKinsey who went to Kenya and and she started her own incubator and they were build something up. And her faith had a lot to do with it so it's kind of all in the name of the faith, I'm an atheist doesn't work for me. But. People do a lot of good things and I think there's a lot of people do good things for the right reason and do them well. It's just you know the problem is that. You have to live as a person and a lot of times you know to make money you know in this environment still being good is really hard. Almost impossible. So, Social Entrepreneurship is something that sounds fantastic on paper, it is ridiculously hard to do. It's so hard you know there's a very few people I know that have done something and are amazingly successful one guy is called for Paul Polak. He has a bunch of initiatives and companies he's developed essentially, he has an amazing mind and he essentially says look, What the what the developing world needs is something is de-engineered stuff that we have. So, like a pump for a water treadle pump. So, he said he's to challenges his engineers, these very bright people and saying how can you build a treadle pump for twenty dollars. Do whatever you need to do, and do it for twenty. Or cable the solar system to it will light it so he gives parameters so something like that you know four hours a night. With a it's all solar panel and little LED, will really be built that system build it for ten dollars, can you do it? And has to be thirty dollars, has to be fixable in the local conditions, right? So so that if you need to look up a guy he's completely amazing he's done a bunch of things that, and there are people like that out and they're doing fantastic work but very often this thing hinges on that one person. And this guy's happens to be eighty five or ninety or something so when he's gone the question what's going to happen is it really sustainable. Because it was a lot of just him, these leaders that are just completely inspiring everyone and you're willing to live on bread and water for five-ten years. It's just very hard to make it into something like a Corporation. Your lives by itself like if I retire, will things keep going. So that that's that's the hard part of Social Entrepreneurship. I think that maybe maybe the best thing that the world can do for developing world is not necessarily create social businesses but just making sure that businesses who are there are behaving more socially acceptable. Like Starbucks only does fair trade. They have that tremendous power to do some good in the world, but you and I have to be willing to pay for it. I'm going to pay thirty cents more for fair trade coffee, well, we happen to be willing to pay for coffee, but there are other things that maybe we are not and so I think there's a kind of way my perspective is that we can put a lot of effort into creating this enterprise specifically to solve social good. And we might be able to move a needle but a little bit but if you want to move that needle by a lot, convince Wal-Mart they're only going to buy certain standards of now you move the needle a lot you might not make war of sorts for particular ship and entity. But they can make much more difference and I think and because we all are their customers they talk to us you know we have a constituent. We can make a change that we've got if if you start a company. I mean Yemen let's say of the war is over you have the something very good there it's in your neck of the woods. We are not the constituents, we care less frankly. So that it's much harder much harder trial. So I think you know the most important thing is for everybody to be acting like this every day. The things we eat. The cookies right there.

Courtney: I didn't even notice those.

Devon: The lady just snuck in and put them there. I was going to ask what Paul's last name was?

Rasto: Polak, P O L A K.

Courtney: To wrap things up, how's your life changed because of this venture? Do you think that you are in a better place and you would be had you gone down a more conventional path?

Rasto: I think so I don't have a boss, except for my wife. And that's a very good place I I feel that. I feel like and it's kind of like you when you're working for somebody of the salary you have a job. I mean you earn you and your money and everything but you're not really, making it for yourself I mean it depends on the personality. My personality in such a way that I like to create, I like to own things. I like to see things fail and that's the thing, I'm not afraid of failure. But I like to be involved from the beginning to something. And so the fact that I can I'm a part of Groupsolver, part of this team is. Nothing made me a more, confident person, happier. I don't I don't have to do what I don't want to do even though people say that we choose to be entrepreneurs so that we can work twice as long for half the salary. Which is true but if there's one thing it's this freedom. Whatever mistake I make, I own. I don't blame anyone else, so... I mean it's also good that we're not just focusing on making money because I always say that making money is not a problem it is making money and and enjoying it doing something good with it that's a problem that's the hard thing to do. And I feel like of being able to do that. I think I have I feel that if I did not start the company with my brother we would have not brought in these very ton of young people and help them shape how they live and you're just seeing that somebody is learning the first job out of college and you get a mentor them. We get to help them to be professional and caring people to do the right things. That's really big for me. When you get a job you're already stepping into somebody to somebody else environment they prepared for you. So shaping people is much different, much harder harder. So. I don't think I would be able to have another job again. Maybe I would, never say never but just feels very difficult. So hopefully this doesn't fail, I'm not ready to fail.

Devon: Oh I guess, in a certain way, I was wondering if you could make money out of selling the information, like the data you collect, from all those different, I guess you call them markets for the companies that you want to help. Could you sell like the information or data you gathered like oh, we need like water pumps, or like we don't have clean water, or like we need walk four miles everyday to get water, and then you have a huge amount of people in this community that say they need that. And then you can like sell them and makes you do a company that actually helps them and then make a difference, or would you feel kind of guilty doing that? Cause you said you don't want to make them like put a value on people's needs..

Rasto: Well, I think it depends on the contract, where you build a relationship of trust and say look, in order for you to have voice from town to town, we're gonna push you a product or maybe somebody will contact you with an advertisement or something. That might a way to it, I would like to find something some other way, I don't want to feel like you trusted me, you talk to me, you know, you feel like your voice is being heard, and then you only find out that you stop getting much of, get bombarded with an LL chart, cause who knows, once you send the information to somebody no matter what you say, it can get resold and get retargeted, and inevitably that would happen, but I don't want to make it worse, so I don't know. I don't know

what the right situation would be, I like to have very transparent transactions so if umm like I say if nestle wants to ask about something then let's make sure that we know that this is what it is and this is why we do it. I didn't like hiding things like you think you're clicking on something and it's something completely right. But that's just good business I think, because in the end of the day it's all about your customers, if they start feeling cheated they're not gonna come back and it's not a successful relationship. I mean think about the brands you really love, like apple, apple is a brand people really love and other brands like Starbucks or whatever. You go there cause you feel you can trust right, you know what you're getting, you know what you're giving up a lot of money for a coffee or for a laptop, but it's fair, like you know and they know. And if they suddenly switched on you, and it's something that they put something in the computer that's gonna start tracking you and everything and they didn't tell you and you found out later, I would guarantee that you would not buy another apple you would just be very disappointed. And so, were talking about little few dollars with developing world but the same relationships somethings apply.

Devon: That makes sense. And then I just wrote down some like other companies that have like similar mindsets about helping developing worlds but I'll go into detail later.

Rasto: Ok

Devon: Well, I guess ok it is pretty prominent, it kind of relates to Starbucks 'cause Starbucks does fair trade well there just kind of contact a middle like middle man and then that middle man reaches out to all different farmers of the same coffee but it's all different qualities so then it averages out to like medium quality as opposed to having only amazing, they only get medium quality and then you pay the middleman and then you get the coffee through that. And so Bird Rock Coffee Roasters in La Jolla they do something called direct trade where they physically go to the farms and they'll go to like it's all 15 degrees north and south of the equator, cause that's the best place to grow coffee and then they'll go to the communities and talk to the farmers and figure out like how they're growing their coffee and then they teach them how to like do it more efficiently, they give them the supplies and they create a collaborative relationship and they teach them how to grow it like the most efficient way and then they also teach everyone in the community how to do it so that they can create value for themselves by like growing this coffee and then instead of paying a middleman they pay the farmers directly so they can pay them higher wages and they can monitor the status of like you know the growing operation but I don't know how they contact the farmers but I was thinking like just the idea of helping the developing countries and it was based on the coffee idea.

Rasto: This is similar content as the farmers and the developing world because it's more collective and more sophisticated into collection because one thing is being collecting is knowing how to use it since you're viable to cut out this measurement. I mean Starbucks almost have no choice because they brew so much coffee that they cannot possibly will do that.

Devon: ...they do not have time to do that

Rasto: But maybe, maybe they can it's just building this business model is not sustainable for them in this point, but as a start up, they can grow slowly and they can grow at the pace the farmers can grow that can maybe work. I don't know they may fail, who knows.

Devon: Actually, they won the best micro-brew in the world last year

Rasto: It's not hard to make very good coffee

Group: (laughing)

Rasto: It's hard to make very good coffee at 5000 locations, and think about it. This is how it always works, the economics and percent, there's always distribution for everything: quality of coffee, and so you have, think of coffee farmers, you can think of them being in a wide distribution of a quality of place, and there's a wide distribution of their education, there's wide distribution of their political situations. And so, if you're a small start-up it's not super hard, it's hard but not undoable, impossible to find where all these three things intersect. Very good coffee, very educated farmers, good infrastructure to get the coffee out, and the political situation is fine. And so maybe you can find a couple of communities that do really well, but the issue is there is only going to be scalable to a point, the point is how do you get move the distribution, move the mean for everything, you know at the same time it large quantities because there is 7 billion of us, and for every start there's a big challenge and there's scale. There is a lot of good ideas, a lot of good products that never make it because it's just never finding their mass appeal. And if you wanna move the nedal a lot, you have to find a big problem and you need to solve a big problem. I mean, I don't know that coffee place, I'm sure it's fantastic. And as we're getting more connected, as people become sophisticated the payment systems it is easier to do long-distance, you know whatever they grow their coffee. Maybe they will scale, no I'm sure they will scale. And I think if you have a 100 of these, eventually they will maybe bring about revolution. But it's also only coffee, and coffee is fairly, you know, I mean that's a big time, you know, cause coffee is much smaller industry than corn or wheat or chicken or things like that.

Devon: That's true, it only have like the one use "coffee".

Rasto: You have more uses of it but it's just a small small commodity. And coffee doesn't grow in most places.

Devon: That's right, it's just somewhat of an analogy of some sort, and yeah you're right cause they have 3 locations so it is quite small and it works because they have such a small scale.

Rasto: But you never know cause Starbucks also started from one location. Microsoft started from a garage or something. You know it's just you never know when a 1000 flowers bloom, and that's the whole beauty of entrepreneurs is that a 1000 of them will start and 1 of them will succeed big time but if they do you become, you know, you make the difference. Hopefully we'll be one of them.

Devon: I think so.

Rasto: Well, thank you.

Devon: I don't have any more questions, do you guys have any..

Andreas: I mean yeah there's one more, kind of going of from what Devon was saying how do you keep in contact with a the people that you gain this data from and like maybe developments that you're trying, like what you're doing with their data to kind of improve their situation. Do ever like send back correspondents or anything with them.

Rasto: Yes, we're still growing. Eventually, when we actually ready to do this for real, when the company is making enough money so we can have enough money so we can afford to have this toy. We will probably create our own website, we'll be like a kind of like "Wiki", so it will be completely open and essentially what we will be doing is posting their answers there and maybe, maybe, they'll find a way to enable people, companies, other communities, to touch back. So for example you might be in Uganda, and you might be on the website and find out that somebody else in other country or in the same country different region, mention something that appeals to you maybe they solved a problem that you are trying to solve. So, then the question is do you enable the communication. Be on the Facebook because again I don't wanna be replicating something that's already done. So I don't know yet, I mean we haven't figured this one out it's from a whole different chapter in our book. We're just trying to survive right now, you know.

Devon: So what would you say you're next step is? Unless it's confidential.. but the move from where you guys are now.

Rasto: So, if you were to look at kind of the technology adoption curve where you have early adopters to a role majority and stuff. I feel we are doing pretty well with beyond the enthusiast crowd but early adopting, I think our next big step for us to streamline our offering to make it even simpler so it can be used by less sophisticated users and go to the mass market. I think that's the next step, and it just requires a bunch of coding and features.

Devon: Yeah.

Rasto: But the good news is because we always work really closely with the customers, we know what they want so it's just a matter of not over-extending ourselves so we don't run out of cash. We just need to keep prioritizing and this is the thing. You have a million things to do and money only to do free things, so we have to pick the right free things. So that's the challenge.

Devon: Makes sense. Do you know yourself how to code?

Rasto: I tried, and I realized that my values are better spent doing something else. I let these youngsters do it. I'm very good at breaking things.

Group: (laughing)

Rasto: I'm very good at knowing what the final results should look like. See the things with engineers is that they get so immersed in the specific code does exactly what you want it to do, yet somebody just looking at the action do people want it? I know that doing what you said like my favorite thing is like hey I found a bug when I do this. And there like it's a bug it's a feature. They have their own feature, to me it's a bug. So, no I don't code.

Devon: Yeah, cause I want to start but I don't know where to start.

Rasto: Aah, well there is a lot of free resources on the internet if you want to. And coding is not very, you don't have to be a good entrepreneur to be coding, it helps but you can, every business needs way other things than coding. I'm sure you can start one without it.

Courtney: I think that's it..

Rasto: Alright, I hope you guys have fun processing all of this and make an A in this class. Change the world.

Courtney: This is great! I love learning about it.

Rasto: Cool, you are change-makers right?

Andreas: Inspiring...

Group: (laughing)

Devon: not official title, but..

Rasto: What year are you guys in?

Group: We're all seniors..

Rasto: So in a few months you're going out and changing the world? Applying to jobs yet or plans?

Devon: Moving to the bay area to work for a start-up.

Rasto: Ok

Devon: Yeah, looking at a couple I don't know which one.

Rasto: Look for the best people. No matter what the technology is.

Devon: Culture..

Rasto: Culture is the most important yeah... Cool, I hope I can help, I hope you guys do well in...

Group: Thank you.

Rasto: Hopefully, you'll make good things right.

Courtney: Oh, this was gift from us to you. *handing over the sunglasses*

Group: (laughing)

Rasto: Well, you know what, my wife needs glasses for the car. I don't think I'll be wearing them, but I think my wife will appreciate it. I will tell her it's very expensive. I'll see if she buys it.... If you have any follow-up questions, you have my email and if you want to sign up for a newsletter, we will be publishing those studies from the different countries what people are wanting to do, so we will be publishing it next month. We always do fun stuff...

Courtney: Yeah, definitely!

Rasto: So if you are interested, if you have ideas of what you want to know we can always write a study just for you so let me know.

Group: Thank you.

— End of Transcription —