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Eric Yuan on the Future of Communications

09 NOV 2020

With the onset of COVID-19 and resultant lockdowns around the world, Zoom Video Communications ("Zoom"), a company founded in 2011 with the core value of "Delivering Happiness" to its customers, has within a short time become the go-to videoconferencing platform for millions of people who are staying and working from home.

This article summarises a conversation with Zoom Founder and CEO Eric Yuan at GIC Insights LIVE 2020, on the company's customer-first philosophy, culture and plans. GIC Insights is our annual flagship event that gathers a select group of prominent business leaders to deliberate over long-term issues pertinent to the international business and investment community.

CAN YOU TELL US THE STORY BEHIND ZOOM?

I started Zoom in 2011. Prior to that, I was at Cisco for several years, and I came to Silicon Valley in 1997 and joined WebEx as one of the first several founding engineers. The reason why I left to start Zoom was that I wanted to build a new solution to deliver a better user experience and serve the evolving needs of customers.

Our service was initially built for enterprise customers, but during this pandemic crisis, the number of use cases increased dramatically — wedding ceremonies, online yoga classes, telemedicine. It is great that we can help people be connected.

I can also share an interesting story behind the name "Zoom". A few weeks before our launch, we still did not have a very good name, so I called one of our advisors who gave me four names, and I picked Zoom. The reason I picked this was because out of the four names, only Zoom is a verb. At the time, we already had a vision that as more and more people use Zoom, ideally they should use the phrase "let's Zoom". That was our goal from day one when we launched our product.

AS ZOOM OPENED TO NON-BUSINESS USERS, SOME USERS EXPERIENCED MEETING DISRUPTIONS SUCH AS "ZOOM BOMBS". HOW DID ZOOM MANAGE THAT CHALLENGE?

First, we took a step back to understand why those issues happened. Zoom had many security features which our enterprise customers could decide to enable and disable depending on their needs. They would also go through an official onboarding process before they started using Zoom. This was not the case for first-time users like schools. We responded by adding more features to cater to the wide range of users and use cases. Meeting rooms and passwords were enforced, and additional IT support provided for non-enterprise users. Other measures included recruiting a chief security information officer, doubling-down on security engineers, and launching a new debugging programme, to reinforce security for our users.

HOW DO YOU STAY AHEAD OF YOUR COMPETITORS?

Core to Zoom's approach is the philosophy of "Delivering Happiness". We constantly focus on customer experience and satisfaction, and building trust.

> **IF THE CUSTOMER IS NOT HAPPY, YOU'VE GOT TO CHANGE QUICKLY. THE CUSTOMER MAY HAVE LIKED OUR SOLUTION YESTERDAY, BUT THAT DOES NOT MEAN THEY WILL LIKE OUR SOLUTION TODAY OR TOMORROW. YOU'VE GOT TO ALWAYS KEEP AN EYE ON THE CUSTOMER EXPERIENCE OR CUSTOMER HAPPINESS, OTHERWISE YOU WILL LAG BEHIND.**

The way for us to look at the competitive landscape is that we really do not look at it from our competitors' perspective. We really want to focus on product. As long as you are the first company to understand the customer's pain point and go back to work as hard as you can to come up with the solution, ahead of your competitors, and you keep doing that every quarter every year — you will be alright.

We do not focus on replicating our competitors' features as these may not be relevant, and diverts our attention away from focusing on the customer.

CAN YOU SHARE MORE ABOUT YOUR GLOBAL EXPANSION PLANS?

International expansion is a priority for Zoom. To scale effectively, we apply a "hub" model, particularly to data centre infrastructure and team distribution. Having a data centre in each country is neither viable nor scalable. Instead, we establish data centres in hubs that all users in the region can connect to. Similarly, a "cover" concept is preferred, where we concentrate large teams of support staff, engineers, customer success managers and sales representatives in hubs to cover the region and ensure effective support is available across different time zones.

We have 19 data centres worldwide to better serve our growing global customer base. We recently announced a site in Singapore, which we see as a hub connecting our growing user base in the Asia Pacific region.

As we enter new geographies, establishing a clear set of processes to follow, and understanding local regulations and data policies, are priorities. Each country is different and there is no shortcut.

TELL US MORE ABOUT ZOOM'S COMPANY CULTURE.

The philosophy of "Delivering Happiness" is core to Zoom both externally and internally. With over 3,400 staff, we seek an office culture where employees deliver happiness to one another, by establishing trust and helping one another. We

encourage them to speak up and ask questions, to promote openness and transparency. Happy employees also make for happy customers who will continue using the platform.

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WE KEEP FOCUSING ON OUR CORE VALUES, WHICH IS TO CARE ABOUT THE COMMUNITY, CUSTOMER, COMPANY, TEAM, AS WELL AS YOURSELF.

Lastly, reinforcing a self-learning and self-motivation mentality is also very important, because no matter what you do, no matter how great your experiences are, you must always be prepared to start over and learn new things.

WHAT WILL BE THE NEW WORK MODEL, POST-COVID?

The pandemic has proved that there is no productivity loss from working from home. By using the right tools like video communications to connect and collaborate, people can still work together and get the job done.

The new work model beyond the pandemic will likely be a hybrid one — today, we all work from home, or tomorrow, we all work in the office. I think that model is sustainable.

In contrast, if you give the employee the choice to work from home or from the office, and you want to hold a meeting, you have no idea where each employee is. That model is not sustainable. Allowing a hybrid model also has the benefits of a reduced commute and need to travel for business. This will help save time and is good for climate change.

One challenge is how to balance engagement and ensure even participation in meetings, when most are in the office while some join from a remote location.

HOW DO YOU SEE THE VIDEO COMMUNICATIONS INDUSTRY EVOLVING?

The evolution of the industry will likely see phone and videoconferencing systems converging onto a single platform with the same front-end experience and same back-end architecture. This means a user could dial a phone number using the system, and with one click, both parties could upgrade to a video call. The convergence would simplify deployment and provide a unified, enhanced, yet cost-effective communications experience.

In the future and with much greater advances in technology, videoconferencing could potentially deliver a better experience than face-to face meetings, where experiences can be shared, and language and physical location are no longer barriers.