

**Q&A with David Friend, CEO and Co-Founder of Wasabi Technologies providing a new generation of Cloud Storage that is Six Times Faster and more Reliable than those Currently on the Market****David Friend**  
**Chief Executive Officer & Co-Founder**  
**Wasabi Technologies**  
**www.wasabi.com****Interview Conducted By:**  
**Lynn Fosse, Senior Editor**  
**CEOCFO Magazine****CEOCFO: Mr. Friend, what is the concept behind Wasabi™ Technologies?****Mr. Friend:** Wasabi is cloud storage. We compete directly with Microsoft, Amazon and Google. However, the technology that we have, which is really a new generation of cloud storage is about one fifth the price and six times faster than cloud storage offered by Amazon. Therefore, our vision is that cloud storage will

become a commodity. It will just be available to everybody. It will be fast, cheap, reliable and ubiquitous.

**CEOCFO: What is the technology that allows you to provide the cloud faster and cheaper?****Mr. Friend:** We actually get down and grab hold of the heads on the disk drives, electronically speaking, to put the data on disk. According to algorithms that we have developed most of the world relies on an operating system to do that. The most common ones are macOS, Windows and Linux. If you want to achieve the efficiency and speed that we achieve in data storage you cannot sit on top of any of those operating systems. That is because they were all designed to be compromises among many different tasks that the operating system has to perform. We are about storage. You give us data to store and ten years, twenty years from now that data will still be there and it will still be accurate. That is a very specialized job. We achieve our speed and cost advantages by making more efficient use of the storage and by making the disk drives last longer and a whole bunch of other techniques that we have refined over the years.**CEOCFO: Is this approach understood by the technology community or are people still somewhat surprised?****Mr. Friend:** I do not think so. Certainly, the result, which is "Wow, it is one fifth the price and six times faster;" that is pretty easy to understand. I think there is a fair amount of skepticism as to how we can do it and someone like Amazon cannot do it. However, we have published the test suites that demonstrate those technical advantages. Many people have run them themselves, so I think there is a growing community of believers out there that understand that Amazon's storage technology was designed twelve years ago and ours was designed two years ago and a lot has happened in the technical world in the intervening decade. However, I think the biggest issue for Wasabi right now is that we need to have a brand that stands for very inexpensive, high quality, reliable, fast cloud storage. We need to be in consideration, because everyday somewhere in the world someone is deciding they do not want to write another big check for in house storage and it time to move big data to the cloud and someone is assigned the task of evaluating Amazon, Google and Microsoft cloud storage. We need to be in that consideration. We need to be taken seriously as a vendor that can compete for that business.**CEOCFO: How are you doing that? How will you be doing that?****Mr. Friend:** We have been marketing with the limited funds that we raised initially. We were on NPR. We are at various trade shows. We are on the internet. Anytime you Google terms like "cheap cloud storage" or "cloud storage" or "fast cloud storage", the Wasabi name comes up. If you Google our competitors the Wasabi name comes up. However, we just are in the process of completing another round of financing and this will give us the ability to ramp up our marketing and brand building efforts. People have to be willing to trust a young company with what are potentially some of the most valuable assets in the business. When I was CEO of Carbonite, which was our last company, a public company in the backup space, we had the same issue for several years. People would say, "Who the heck is Carbonite and why should I

trust you guys with my data?" After two or three years of fairly intensive marketing that issue went away as we demonstrated our capacity to be a vendor with legs. We were going to be there for the long run.

**CEOCFO: Does the Carbonite affiliation help? Do people know? Do people care? Should they care?**

**Mr. Friend:** It definitely helps. That is because the same team that founded Carbonite also founded Wasabi. Carbonite is a fairly big company today, with a billion dollar market cap and well over one thousand employees. The pedigree that comes from having started a company that is a big name in cloud storage already certainly lends credibility to the Wasabi story. It is something we definitely talk about and our sales people talk about; that Wasabi was founded by the same team that started Carbonite. That helps get us over the hump with people who probably would not consider us if we were just some young startup run by people who did not have the many years of experience in this field that we have.

**CEOCFO: Does eighty percent cheaper and six times faster scare some people off as opposed to being welcoming?**

**Mr. Friend:** I think if we were twenty percent cheaper than Amazon no one would give us a second look, because for a twenty percent difference in price why would you even consider risking your job and your reputation by going with a startup. We decided that because of the technical ability that we have to do storage so much cheaper than anyone else out there, that we decided to put a price point in the market that was really compelling. The downside of that is that people will look at it and say, "How can Wasabi do that when Amazon cannot do that?" However, it gets attention and people say, "I do not believe this, but if what they say is true I have to at least take a look at it. It would be irresponsible of me to go out and spend a million dollars on Amazon storage if I could be spending two hundred thousand dollars on Wasabi storage and get the same or better performance." Therefore, it is a bit of a double edged sword, but I think unless we did something dramatic like that I think we would stand no chance of getting noticed.

**"I see Wasabi as a company that has almost infinite upside. If we can do a better job of storing data than anyone else in the world we will become a very big and important company and someday the picture you take on your phone may get stored in Wasabi. They x-ray you get at the hospital may be stored in Wasabi, and on and on. This is an opportunity to really change the world in a major way, because anytime you reduce the cost of something by almost an order of magnitude all kinds of things will flow from that that you cannot anticipate. That is the most exciting part of what we are doing right now."- David Friend**

**CEOCFO: What about customer service? Many people say if you want to call Amazon about anything, good luck! How does Wasabi differentiate in that arena? Is that important for you?**

**Mr. Friend:** There are two reasons that people call customer service. One is that they think the product itself is not working right. If that is the case then we certainly want to know about it. The other reason they call customer service is that they do not understand the product and they want someone to walk them through it, because they may be too lazy to read the manuals or the documentation. You are right, that if you call Amazon it is going to be hard to get anyone's attention. However, like most companies that sell to the professional IT community they do have paid support. They have sort of a bronze, silver, gold, platinum kind of customer support tiers. At each tier you get much better attention and we have pretty much the exact same structure. I would say that we are much more willing to talk to people who are not paying us anything at this point, because that is where we are in our life cycle. People call us who may be are using a Gmail account, we do not know who we are and then they turn out to be some giant corporation that registered under a Gmail account because they did not want some sales person calling them up and pestering them. However, the good thing about a service like Wasabi, which borders on being a commodity, is that among the knowledgeable customers who are out there, and these would be IT professionals, not you or I; those people already know a lot about how this product works. That is because if you understand Amazon's product you understand our product, because it is one hundred percent identical in terms of functionality, features and how it all works. Amazon has actually done a really good job of educating the market and this takes a big load off of us. That is because we are already dealing with someone who has educated themselves on our competitor's product.

**CEOCFO: Who is using Wasabi today? Are they particular industries or sizes or types of companies?**

**Mr. Friend:** We have about three thousand paying customers today. Our biggest customers are in the media and entertainment space. These are movie studios and TV networks; companies that service the movie industry. The reason is pretty obvious, which is that video chews up an incredible amount of storage. We have gone from HD to 4K and now to 8K and every time the industry moves up to a higher resolution you get typically four times the amount of data for the same number of minutes of film. When you go to a movie and see the finished product, for every minute of film that you

see on the screen there are one hundred minutes of outtakes and other footage that they do not throw away, they keep it. When you look at a typical scene, like an action movie, they may have ten or twelve cameras all running at the same time. Therefore, movies and TV shows generate huge amounts of data and that is an industry where we are making a particularly big push, so we actually have a dedicated sales team that lives in Hollywood and is just focused on the media and entertainment industry.

Another industry that is coming on really strong is genomics. Everyone is saying that someday there will be one billion genomes sequenced and in a data base somewhere. These machines that sequence genomes are getting cheaper and cheaper. Every time you or I get our genes sequenced it generates a lot of data. That has to be stored, pretty much, forever, because it is expensive to do and you do not want to throw the results away and someone is going to figure out some kind of study, whether it is a regression on cancer, drugs or whatever. They are going to want to look at that data again and again and again in the future. We see the amount of data in genomics doubling every seven months right now. I would not be surprised to see genomics, within the next five years, surpass media and entertainment as a consumer of data. Another area is what you might call the IoT, the Internet of Things. If you own a Tesla it is constantly sending back information about the road, the driving and how the car is performing. If you fly in an airplane the jet engines are accumulating huge amounts data and sending them back live during the flight. A typical jet engine produces about a terabyte of data every flight. All of that gets stored somewhere so that someone can do analysis on it and try to do predictive maintenance. Another area is surveillance. There are close to three hundred million surveillance cameras running around the world right now and they are generating enormous amounts of data. The old ones are being replaced with new ones that have the ability to have an enormous amount of detail so that people can go in and do facial recognition and things of that sort and they are keeping that data for longer and longer periods of time.

Then the final one I would mention would be medical imaging. You or I go in for an x-ray or an MRI or even better, one of these 3D MRIs that creates a three dimensional image of, say, your kidneys or something like that. The doctors can rotate the image in three dimensions, which is pretty amazing stuff. However, these are enormous files. Not just because it is a good idea, but HIPPA mandates that this data be kept for the life of the patient. We are creating an enormous amount of data, so it is going to need to be stored for a long, long period of time. There are all of these industries that are generating lots of data and the cost of storing that data is getting to be burdensome. I spoke to a police chief, about a month ago, who bought body cams for all the cops in his city and now they have discovered they cannot afford to keep the video for more than about two weeks, because the cost of the storage is so high. As he said, "sometimes we do not even know there has been a crime for two months and meanwhile all the evidence is gone." There are all of those kinds of things and then, not to bore you too much, but suppose you were trying to create the next Instagram or the next Pinterest, that are very media heavy applications and the only source of revenue was going to be advertising. Your cost of storage is probably the biggest determinant as to whether your business is ever going to make any money. If you can cut the cost of storage by eighty percent, all of a sudden applications that could never have been economically feasible at, say, Amazon's price, start to look like they could be winners at Wasabi's price. Therefore, there are lots of things going on that we probably do not even know about right now among our customers, who think that they maybe inventing the next Facebook or the next Pinterest or the next YouTube.

**CEOCFO: *With so much opportunity how do you decide where to focus?***

**Mr. Friend:** You do basic market research to try to size each of the opportunities. You look at the relative difficulty or reaching the decision makers in each of these areas and you allocate the resources based on where you think you are going to get the best return in the short term and balance that with where you think you are going to get the best return in the long term. Some of the industries will take longer to convert to the cloud than others. Some are ready to move right now. Others have a huge amount of inertia about moving to the cloud, but will eventually move to the cloud. Therefore, you do not want to give up on those, but you also have to be careful not to spend too much trying to force something that is not ready.

**CEOCFO: *What have you learned not to do from your several other ventures?***

**Mr. Friend:** Do not forget; my last venture was my sixth startup and Wasabi is my seventh. When I was twenty-five or thirty years old instead of today, things tended to take a natural progression. You can blow your resources by trying to force something to happen faster than it wants to happen naturally, so timing is very, very important. There are many companies that fail and then when you read about them later the excuse is that they were ahead of their time. To some extent that is really true. However, a company that is ahead of its time needs to wait until the time is right, as opposed to trying to force time to come to it. I would say that there are forces both in the venture capital community and just the mindset of inexperienced entrepreneurs that says, "We cannot wait, we are in a hurry, we want to see results now." If you look just even in the internet space; if you look at companies like MySpace that were really big hot companies at one time

and the market was not really quite ready. Then Facebook came along and a number of other companies, such as Spotify and they just passed these guys by. That is because they had blown their resources trying to get big before the market was really ready. Therefore, one thing I have learned is patience. That is you have to go at a pace that the market can absorb and if you try to force it, it is going to be very inefficient. You will get a very poor return for the money that you spend.

**CEOCFO: *Why is Wasabi noteworthy?***

**Mr. Friend:** Increasingly, the world runs on data. Everything you do online is about data. Every time you search on Google it is about data. Anytime you get a package in the mail, how that package reaches you is based on data. If you look on Google Maps and you try to figure out how long it is going to take you to get home, it is based on data. There is not doubt in my mind that data storage is going to be the electricity of the next hundred years. It just completely reforms and reinvents so many of the processes that we have come to live by. Therefore, I see Wasabi as a company that has almost infinite upside. If we can do a better job of storing data than anyone else in the world we will become a very big and important company and someday the picture you take on your phone may get stored in Wasabi. They x-ray you get at the hospital may be stored in Wasabi, and on and on. This is an opportunity to really change the world in a major way, because anytime you reduce the cost of something by almost an order of magnitude all kinds of things will flow from that that you cannot anticipate. That is the most exciting part of what we are doing right now. Over the next three to five years it will be really interesting to see how Wasabi impacts everything else that is going on in the data field.

