



# When Zoom was young: the early years

Steven Loeb · March 26, 2020 · Short URL: <https://vator.tv/n14fd4>



Zoom was originally known as Saasbee, had 500,000 users in less than six months



Our **when they were young** series is a look back at the modest days of startups, what traction they had in their first few years, and how they evolved. In the end, we hope to provide a glimpse into what great startups looked like in their first three years.

Stories like these are always well received because it reminds us that anyone, regardless of pedigree and environment, can rise above the noise and have great influence. They show us the value of being resilient, persistent, and committed. If we can follow their footsteps, maybe we too can have similar success.

This segment is on Zoom.

## — Zoom's First Year —

**Founder:** Eric Yuan

**Founded:** Zoom, originally known as Saasbee, is **incorporated** in the state of Delaware in April 2011.

**Initial company description :** Saasbee is founded while Yuan is still working at Cisco's WebEx Cisco video conferencing business, after noticing that WebEx was not keeping up with what customers were demanding.

"When we built WebEx, we only focused on one use case. That use case was to have you share the PowerPoint or share the desktop, but it can't be you and I in an audio conference. But 13 or 14 years later, there are some brand-new problems," Yuan **says in a 2018 interview** with GGV Capital.

"Like every business, they have got to use multiple solutions. They want to enable conference room. They want to have video conferencing and have one unified solution. They wanted to have a cloud-based conference room solution. You wanted to make sure no matter where that team is coming from, we also can guarantee good voice over IP quality and video quality. WebEx was not designed for that."

**Personnel, at two months from founding :** Yuan **leaves Cisco in June 2011** , bringing 40 of the company's engineers with him.

**First funding, at two months from founding :** In June 2011, Saasbee **raises \$3 million in seed funding** from TSVC, WebEX founder Subrah Iyar, Matt Ocko, Dan Scheinman and Bill Tai.



"In early 2011, Apple just launched FaceTime; SKYPE had been popular for many years; In addition, giant CISCO acquired WEBEX for \$3.2B in 2009, and another startup company doing cloud-based video conferencing, BlueJeans, had already raised tens of millions of dollars. It was not clear whether there is still room for another player like Zoom in this seemingly crowded and competitive track. Many professional investors expected a very low probability of success for another new-comer and turned down the opportunity," TSVC **writes in 2019**.

"However, TEEC Angel Fund, along with other angel investors, such as successful entrepreneur Samuel, WebEx co-founder Susan, TeleNav founder HP, Fortinet founder Ken, WebEx executive Steven, decided to bet on the most important factor, the founder, the steersman, Eric Yuan."

### — Zoom's Second Year —

**Name change, at one year and one month from founding** : In May 2012, the company [changes its name](#) to Zoom Video Communications, Inc.

The name "Zoom" [comes from Jim Scheinman](#), Founding Managing Partner at Maven Ventures and cousin of Dan Scheinman. He bases it on a book he is reading to his kids called "Zoom City."

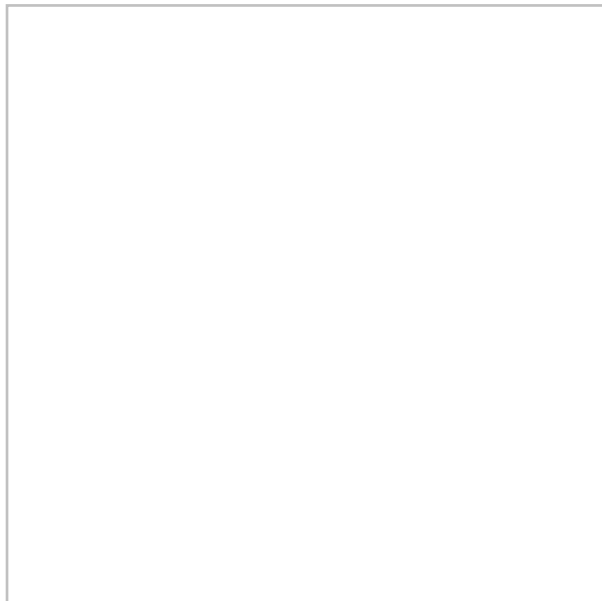
"I loved this fun little book as much as my kids, and hoped to use the name someday for the perfect company that embodied the same values of creativity, exploration, happiness, and trust. And the name works perfectly with a product that connects us visually to one another and that always works so fast and seamlessly. With Eric's startup, I found just that. I'd been saving the name Zoom for a long time, and I'm so grateful that Eric trusted me to help him name his company," he writes in 2019.

"Jim has been great to work with from the launch of Zoom, he gets along with everyone and is there to help on anything we need. His contacts in the business and venture community have been invaluable. And, not only did he come up with the name Zoom (we were calling ourselves saasbee), but he also helped us create our marketing strategy and language, go to market launch and PR strategy, and has introduced us to key consultants and employees. Jim's been an integral part of our success to date that has culminated in an amazing introduction to and review of Zoom by Walt Mossberg at the WSJ. We truly couldn't have done this without Jim's help," Yuan [writes on Scheinman's LinkedIn profile](#) in 2012.

**Launch, at one year and four months from founding** : In August 2012, Zoom [launches the first version](#) of its product, allowing up to 15 people to video chat at once.

"Today, group video meetings are the realm of businesses, but they can be hard to facilitate. Users have separate accounts for each video calling application, which require them to remember different usernames and passwords, and the video quality is often poor," Yuan says in a statement.

"zoom.us takes the complexity out of connecting to friends and colleagues by offering a single-click solution that works whether you are on an iPad using Wi-Fi, an iPhone using Edge or a PC connected to Ethernet and lets everyone participate in the conversation seamlessly. We have seen in enterprise



zoom.us.”

business how video transforms communication and collaboration – we want to bring that to everyone with

**Press coverage, at one year and four months from founding** : In August 2012, Zoom is reviewed by Walt Mossberg for the Wall Street Journal.

"I've been testing Zoom.us, and despite a few limitations, I like it a lot and can recommend it. In all but one of my tests, video was sharp and smooth, and all the features worked as promised," Mossberg says [in a written review](#) entitled, "A Chance to Call 15 Friends to Video Chat in High Def."

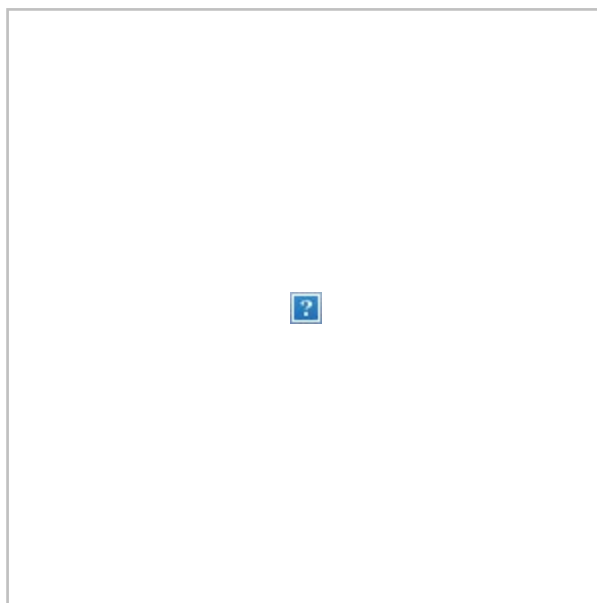
"One caveat: I tested a pre-release version at a time when there were only about 1,000 people using the service. It's possible that if millions use it, speed and quality could suffer, though the company denies that."

**First customer, at one year and seven months from founding, three months from launch** : In November 2012, Zoom signs up Stanford Continuing Studies, Stanford's continuing adult education program, [as its first customer](#).

"They were looking for a solution for their online learning, online teaching platform and were still in the alpha phase, and they tested all the solutions, and they still found Zoom quality was better. And before our solution was fully ready, they already became our paid customer and really boosted our confidence. That was our first customer," says Yuan.

**Product, at one year and nine months from founding, five months from launch** : In January 2013, Zoom releases its Unified Meeting Experience (UMX) cloud service , which allows 25 people to participate at once, either up to 40 minutes with its free version or unlimited with its \$9.99 business plan.

"Zoom has taken a high-quality and ease-of-use approach to transform the real-time collaboration experience for companies of all sizes," says Yuan . "UMX is a comprehensive 3-in-1 and scalable platform that fosters more effective communications across businesses and geographic boundaries."



**Second funding, at one year and nine months from founding, five months from launch** : In January 2013, Zoom raises a \$6 million Series A from Qualcomm Ventures, Yahoo founder Jerry Yang, Iyar and Dan Scheinman.

"It all started with a 45-minute phone call back in early 2012. Having been a previous video entrepreneur for 5 years, my boss at the time Nagraj Kashyap had asked me to evaluate an early-stage video communications company founded by an industry veteran named Eric Yuan, referred to him by angel investor Bill Tai (thank you Nagraj and Bill!)," Sachin Deshpande, Senior Director at Qualcomm Ventures, writes in 2017.

"I put the phone down and stared at it intensely. I was transfixed. Sure, I had just learned about Eric's terrific background as an engineering leader at Webex and an executive at Cisco. But more importantly, I was totally blown away by Eric's unique vision on the future of video collaboration. Eric had explained his unique technical approach, and I felt that it was significantly different/better than others I had seen in the industry (from both video startups and Internet giants). Eric essentially had constructed an incredibly well thought-out "First Principles" multimedia approach for this new multi-device, cloud-based world."

**Traction, at one year and nine months from founding, five months from launch** : In January 2013, Zoom reaches over 500,000 participants, has held over 140,000 meetings, and has 1,000 businesses on the platform in over 2,500 cities around the world.

### — Zoom's Third Year —

**Traction, at two years and one month from founding, nine months from launch** : In May of 2013 Zoom reaches one million participants . It has connected over 400,000 meetings and 3,500 businesses in over 2,500 cities worldwide.

"We've received overwhelmingly positive responses from our growing customer base," Yuan , says in a statement.

"In the beginning, we had the goal in mind of creating a communication tool that allowed participants to connect and share information easily and with the highest-quality from anywhere in the world. With the emergence in participants from both businesses and individual professionals, we know we've created the next evolution in cloud video collaboration that provides the ultimate affordable, unified, cross-platform meeting experience for everyone."

**Product, at two years and three months from founding, 11 months from launch** : In July 2013, Zoom launches its Works With Zoom program , integrating technology from 12 communication and video partners: Logitech for Business, Vaddio, InFocus, Altia Systems, Revolve Robotics, VTEL, VDO360, HoverCam, Biscotti, AVer, Acoustic Magic and Personify.

"The 'Works with Zoom' program is the next step in Zoom's continuing mission to offer affordable, innovative meeting solutions. We are excited to partner with these cutting-edge companies and bring over 75 percent savings in video collaboration to all businesses," says Yuan.

**Traction, at two years and three months from founding, 11 months from launch** : In July 2013, Zoom has nearly two million participants, 5,500 meetings/day and 100 million meeting minutes.

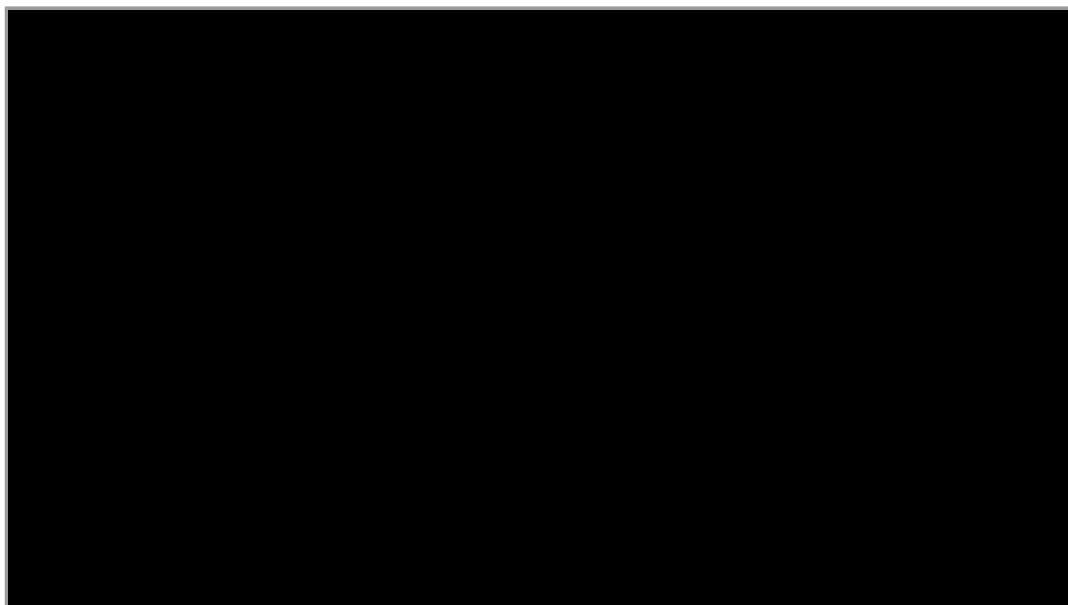
**Product, at two years and four months from founding, one year from launch** : In August 2013, Zoom launches version 2.0 , which adds annotations during screen-sharing, the ability to edit an attendee's name, safe driving mode and a new mobile contacts integration layout.

**Third funding, at two years and five months from founding, one year and one month from launch** : In September 2013, Zoom raises \$6.5 million in Series B funding led by Horizons Ventures, with Patrick Soon-Shiong and Jerry Yang also participating. Bart Swanson, Advisor at Horizon Ventures, joins the Board of Directors at Zoom.

"Zoom's mission to develop a people-centric cloud service that transforms the real-time collaboration experience," says Yuan. "This capital gives us additional resources to expand quickly into new markets, innovate rapidly, and deliver on our vision around the world."

**Traction, at two years and five months from founding, one year and one month from launch** : In September 2013, Zoom has 4,500 businesses on the platform and 3 million participants.

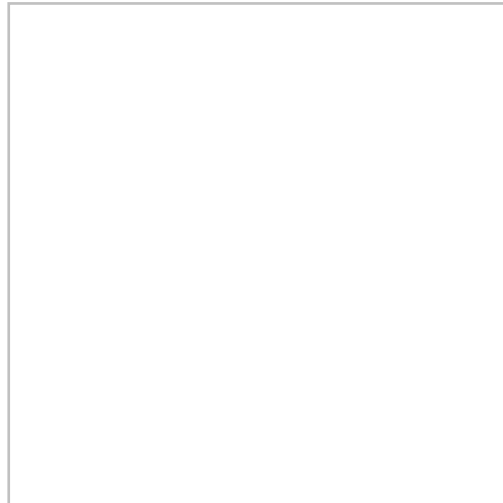
**Press coverage, at two years and six months from founding, one year and two months from launch** : In October 2013, Zoom is profiled on CNBC.



**Traction, at two years and eight months from founding, one year and four months from launch** : By the end of 2013, Zoom has over 200 million meeting minutes, more than 6 million meeting participants and over 5,000 businesses sign up.

#### — Zoom's Fourth Year —

**Product, three years from founding, one year and eight months from launch** : In April 2014, Zoom introduces ZoomPresence, a meeting platform for conference rooms. It allows users to connect their touchscreen and monitors to a Mac mini, camera, and speakerphone and allows up to 100 interactive video participants and 1,000 webinar viewers.



**Traction, three years and three months from founding, one year and 11 months from launch** : In July 2014, Zoom reached **10 million participants**.

**Accolades, three years and three months from founding, one year and 11 months from launch** : In July 2014, AlwaysOn **selects Zoom** as one of its 250 Top Private Global Companies.

"One look at this year's 12th annual AlwaysOn Global 250 winners, and you can see that the technology landscape has changed dramatically during the last decade. New funding options are bringing more startups into being, and while competition has become fierce, the resulting companies that rise above the rest are proving their worth in today's demanding environment," AlwaysOn writes.

"Cash-rich companies, both public and private, continue to make acquisitions, incorporating both intellectual capital and technology into their core products. Successful startups are waiting for IPO, stimulating ultra-high valuations, and keeping the venture community on its toes. This year's companies represent a strong, tough group of organizations willing to do what it takes to bring that one kernel of an idea from concept to market."

**Product, at three years and four months from founding, two years from launch** : In August 2014, Zoom **announces version 3.0** which includes group messaging, allowing users to send group text, images and push-to-talk messages to anyone on desktop, tablet or mobile devices.

It also introduces screen sharing and annotation, along with Zoom Video Webinar, which allows for up to 25 interactive video participants and 1,000 webinar viewers to join. It comes with registration, screen-sharing, annotation, MP4 recording, reporting, and a Q&A panel. Users can hold an unlimited number of webinars for just \$49 per month with 100 webinar attendees.

**Product, at three years and eight months from founding, two years and four months from launch** : In December 2014, Zoom **releases version 3.5 of its product** , which includes mobile sharing and the ability to record meetings to the cloud.

"Zoom has pioneered cloud meetings and video webinars. We are introducing Version 3.5 based on feedback from over 30,000 businesses and 30 million participants using our service. V3.5 meets the needs of SMB,

enterprise, and educational and healthcare institutions alike for flexibility and mobile innovation at a dramatically lower cost," Yuan says in a statement.

**Traction, at three years and eight months from founding, two years and four months from launch** : In December 2014, Zoom has 30,000 business customers globally and 30 million participants.

**Fourth funding, at three years and 10 months from founding, two years and six months from launch** : In February 2015, Zoom raises \$30 million in a Series C round led by Emergence Capital, with participation from Horizons Ventures, Jerry Yang, Qualcomm Ventures, and Dr. Patrick Soon-Shiong.

"Businesses aren't fully satisfied with the status quo in video conferencing," Yuan says in a statement. "Zoom's cloud-based video conferencing has a richer feature set and better user experience at a much more affordable cost. With this funding, we can reach a broader global audience through new sales and marketing initiatives."

**Traction, at three years and 10 months from founding, two years and six months from launch** : By February 2015, Zoom has 65,000 companies, 40 million individuals, over 1 billion meeting minutes and 2,500 educational institution customers.

— Zoom's Fifth Year —

**Product, at four years from founding, two years and eight months from launch**: In April 2015, Zoom hosts a webinar called [Introducing Zoom's Collaboration Suites](#), in which it details all of the things the service can do.

"Have you ever started talking about something and realize that the person across from you has a blank, confused stare? It happens to the best of us. Too often, those "in the know" take for granted that everyone knows what they know. That's why today we want to go back to basics and discuss something you may not know: Zoom isn't just for video meetings from your laptop and mobile device. Yes, we are absolutely excellent at that service, but we're so much more!" the company writes.



**Partnership, at four years and four months from founding, three years from launch** : In August 2015, Zoom **integrates with Slack**, allowing Slack users to start Zoom video conferencing from the Slack interface.

**Partnership, at four years and five months from founding, three years and one month from launch** : In September 2015, Zoom **integrates with Salesforce**, giving Salesforce users access to its service within the sales and marketing platform.

"Zoom is committed to making the communication and collaboration experience as seamless as possible," Yuan says in a statement. "With so many Salesforce users with their own customers spread across geographies, it is critical that they have the communications tools they need to conduct and grow their businesses readily available in the platform they use a substantial amount of the time."

**Product, at four years and six months from founding, three years and two months from launch** : In October 2015, Zoom **doubles the number of participants allows in a session** to 50.

"We didn't make major adjustments to our technology to double our standard meeting capacity from 25 to 50 participants," Yuan tells *eWEEK*. "We built Zoom to be scalable to the needs of our customers, so it was like flipping a switch to add this capacity."

**Personnel, at four years and seven months from founding, three years and three months from launch** : In November 2015, Zoom **adds David Berman**, Former President of RingCentral, as its new President, while Peter Gassner, Founder and CEO of Veeva, is named to Zoom's Board of Directors.

"In my 15+ years in the industry, no one has done collaboration right. Then one day, I have a meeting on this new technology Zoom and I'm blown away. Zoom has a world-class product and team, and tremendous growth. Zoom is ready to scale and I'm here to make sure we do it right," Berman says in a statement.

"I am thrilled to join the Zoom team. As a devoted Zoom user, I know that it is the comprehensive solution that businesses have been waiting for. This market has historically been segmented into different providers for different collaboration needs; Zoom brings it all together in one versatile, simple platform. It's majorly disrupting the market and I'm proud to be a part of their next stage of growth," Gassner says.

**Expansion, at four years and 10 months from founding, three years and six months from launch** : In February 2016, Zoom **opens a second office in Denver**.

"Investing in our people is a key initiative to our growth strategy. We chose to open our new office in Denver because we see this as one of the next hot innovation centers in the US," Yuan says. "Given its growing technology scene, excellent higher education and quality of life indicators, and central US location, it was the clear choice for our new office."

**Accolades, at four years and 11 months from founding, three years and seven months from launch** : In March 2016, **Zoom wins** the 2016 North American Hosted Video Conferencing Services Entrepreneurial Company of the Year Award at the Frost & Sullivan Awards Gala

Zoom went public on April 18, 2019, valuing the company at nearly \$16 billion by the end of its IPO. It now has a market cap of \$38.52 billion.

The company added 2.22 million monthly active users in the first two months of 2020, after adding 1.99 million in 2019.



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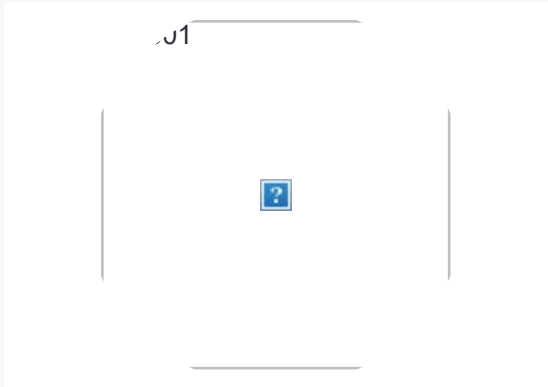


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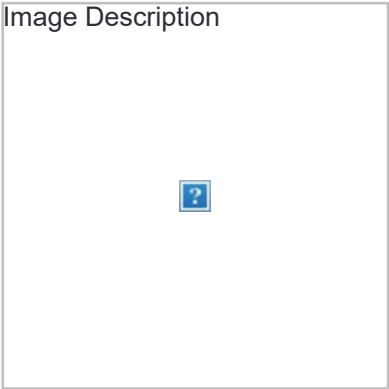


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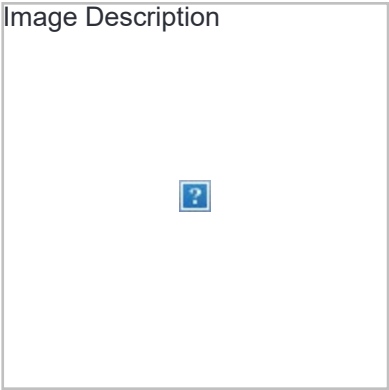
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