

AI Notes

The Diary of a Founder: Episode 3 - JP from Factory AI

This episode of “The Diary of a Founder” features Ben interviewing JP, the co-founder of Factory AI. The discussion centers on JP’s journey into entrepreneurship, the founding of Factory AI, and the challenges and lessons learned along the way.

The Founder’s Journey to Australia

Ben and JP begin by discussing JP’s personal journey, which led him to Australia. Like many, his move was inspired by his then-girlfriend, now wife, who was studying in the country. After visiting and experiencing the country’s beauty, JP decided to stay, now having been in Australia for 10 years.

The Genesis of Factory AI

JP explains that Factory AI originated from the Antler accelerator program, a common starting point for many startups. He emphasizes the importance of finding the right co-founder, stating that “the person that you’re going to work with as a co-founder is probably going to be much more important than the idea itself.”

He met his co-founder, Tim, through Antler. While JP initially had an idea related to sales and customer success, Tim came with a more developed concept for Factory AI. JP highlights that Tim’s background at AWS, where he observed commonalities in custom solutions built for clients, provided a strong foundation for their product.

Defining Factory AI’s Mission

Factory AI aims to solve the critical problem of “unplanned downtime” for manufacturers. Unplanned downtime occurs when machinery in a factory unexpectedly stops working, leading to significant financial losses due to high fixed costs and the need for continuous production to maintain profitability.

The company offers a solution that helps manufacturers reduce this downtime by collecting data from their machines through sensors and PLCs. This data is then analyzed to predict when maintenance is needed, offering a proactive approach compared to traditional time-based maintenance schedules. This predictive maintenance strategy is crucial because, as JP notes, “most equipment failure has no relationship with time.”



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Go-to-Market Strategy: The Power of Cold Calling

JP shares his initial go-to-market strategy, which heavily involved cold calling, a method that many founders find challenging. He explains that this strategy was effective because fewer people are utilizing cold calling, making it a less convoluted channel compared to the saturated email and LinkedIn inboxes.

He stresses that the “cold calls” were more accurately “validation calls,” focused on understanding customer problems rather than immediately selling a solution. JP believes that “people love to rant about their problems,” and by asking the right questions, founders can gain valuable insights. This

approach proved successful for Factory AI, as their target customers, like maintenance and liability engineers, are often on the phones and appreciate direct communication.



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The Funding Journey and Investor Relations

The discussion then shifts to Factory AI's second funding round. JP highlights the challenge of demonstrating revenue growth to VCs when dealing with long sales cycles in the manufacturing industry. He advises founders to maintain consistent investor updates, even when receiving rejections, as this demonstrates progress and perseverance.

Factory AI's strategy of maintaining efficiency and seeking smaller raises proved effective. They eventually secured their lead investor, Scalata, who was impressed by their recent successes and consistent execution.



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Biggest Challenge and Founder's Mindset

JP shares a personal story about a friend who, on paper, seemed to be succeeding more than him, having bought a new Tesla and having a comfortable job. This experience led JP to reflect on the true meaning of success, emphasizing that it's a long-term game and that personal fulfillment and enjoyment are equally, if not more, important in the present moment.

He shares two key takeaways for founders:

1. "The success to a great startup is knowing the basics." This involves focusing on fundamentals like go-to-market strategy, customer interaction, and efficient execution.
2. "Easy choices, hard life, and hard choices, easy life." This principle underscores the importance of making disciplined, often difficult, choices consistently to build a sustainable and successful future.



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Key Takeaways and Conclusion

This episode with JP from Factory AI offers valuable insights into the realities of startup founding. Key takeaways include the critical importance of co-founder synergy, the strategic value of understanding and leveraging less conventional go-to-market channels like cold calling, and the necessity of maintaining a long-term perspective on success. The discussion also highlights the power of consistent execution, pragmatic decision-making, and the profound importance of personal fulfillment and passion in the demanding journey of building a company. JP's advice to focus on the basics and embrace difficult choices serves as a powerful reminder for all founders.