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NOVEMBER 2022 | ISSUE #59

# AUTHORITIE

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*Human*  
**ENTERTAINMENT  
& TECHNOLOGY**

*Steve Hoffman*

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90+ PAGES



## EDITOR'S NOTE

By Mary Henderson | Photo by Melinda Hird

**I have a love hate relationship with technology. On one hand, I rely on it in every aspect of my life and on the other hand I think about the future – especially when chips can be implanted in our body to apparently make our lives easy and seamless.**

**No thanks. I don't want computer chips in my body. The thought of logging into my virtual PC through a chip in my brain is not something I find attractive or will sign up for anytime soon.**

**But then there is AI (artificial intelligence) and this is something that I believe most humans don't understand, me included. This is why in this month's issue, I invited Steve Hoffman to be my featured guest to help me understand the future of technology and the impact AI will have in our world.**

**By the end of the interview, I was excited and felt a sense of relief because when you hear it from the source and someone who is**

immersed in the world of AI, you can rest assured that any fears you had about AI will probably be abolished by the time you finish reading this interview.

I have to say that this interview was one of the best I have had. Steve is an absolute rockstar in this field and moves within tight circles in Silicon Valley. He speaks common sense; he is pragmatic and a really awesome human.

This is why we must always seek information from experts. This interview is a perfect example of this. What I was buying into was and is not the truth because the reality is there are amazing companies doing amazing things with technology including AI for the betterment of humanity. Steve is one of those people who is doing just that.

I think one of the greatest outcomes of technology is that it has taken away the barrier to entry in so many industries. For example, you can start your own TV show on YouTube and become an influencer in your own right.

You can start a motivational channel on TikTok and have millions of people share your content to their network or you can become a best-selling author without a publishing contract. None of this would be possible without technology as we know it today.

The content you read in this magazine are from people I have met through my social media network based on mutual respect for each other's work ethic and specialisation. There is so much scope and possibility when technology is used for good and not for bad. What are your thoughts about AI and the future of technology? Send me a message on LinkedIn, I would love your thoughts.

I am sure Steve would love to hear from you after you read this incredible interview. Enjoy this issue of Authoritti5.0.

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# Steve **HOFFMAN**

BY MARY HENDERSON

# FOUNDERS SPACE



## Mary

That is why you are here, to take us on that journey into the future. So in some ways we can prepare ourselves, but I really want to talk about the merging of entertainment and technology from a few different angles in our interview today, the first being entertainment, but in the form of social media. I love how you explain the way Netflix makes decisions on the type of content it creates. That is based on consumer feedback or a consumer feedback loop using AI technology. And it makes sense to me to gather your data and give the consumers what they want. It's common sense. But, I want to divert to social media if I may, because my audience members are heavy content creators and are most active across all social media platforms. So how is AI going to impact the way content creators create content in the future? What will content look like a year from now? For example, I've seen a huge shift on Facebook and definitely LinkedIn. And it seems like AI is creating a resonant field that we are all subconsciously tapping into. What are your thoughts on that?

## Steve

It comes down to the algorithms and how they use our data. At the end of the day, we post on Facebook, Instagram, and TikTok – doesn't matter. But we care about getting some reaction, that people are liking what we do, that they're sharing it, that they're commenting on it. These are the things that mean something to us because if we put it out there and nobody responds, we stop posting. There's an interplay between what we create and how the algorithms and data work. So the algorithms for each of the different social networks are different, and they use data in different ways. What they all do, though, is measure engagement.

Their goal is to get us engaged, and even more important, if a post gets initial engagement at a certain level, then it gets propagated to more and more people. You can see that when there are comments on stuff, it just keeps going. Now whether it's conscious or subconscious, if a post got a lot of engagement, we're going to post more. So let's say we are posting stuff about animal species going extinct because we care about that, but it's not getting much engagement. We may decide not to post more on that topic. Maybe it's just depressing our friends, even though it might be good for them to know about it. But this other topic is getting a lot of responses!

## Mary

Have I got a guest for you! Buckle up, because this is going to be the ride of your life.

Let me start by introducing my guest, Steve Hoffman, also known as Captain Hoff. He is the chairman and CEO of Founders Space, a global innovation hub for entrepreneurs, corporations, and investors with over 50 partners in 22 countries. He is also a venture investor, founder of three venture-backed and two bootstrapped startups, and author of several award-winning books, including *Make Elephants Fly*, *Surviving a Startup*, and *The Five Forces*. He also has a podcast – Founders Space Podcast.

Oh my God. I need to take a breath after that. There's so much going on there. Steve. Welcome to Authoritti5.0.

## Steve

Mary. It's fantastic to be here.

## Mary

I'm not sure if you've realized that this magazine and podcast are actually called Authoritti5.0, which essentially is the merging of technology and human. So this fits you to an absolute!

## Steve

I like to think of myself as a cyborg.

## Mary

Exactly.

## Steve

I am living the future now.

It could be a silly thing about a Hollywood star or Elon Musk or whatever the flavor of the day is, but everybody's responding to it, so we tend to post more of it. And there's a bright side and a dark side, right? The bright side is the system giving us what we want. So, the algorithm's looking at us personally, seeing what we like and giving us more of that, and it's also seeing what the general mass of people responds to and giving them more of it. It's increasing our engagement, and shaping the conversation and changing what we post, how we post, how we react to stuff.

Knowing this, if you're in marketing and you want your message about important stuff to resonate and spread widely, even have it go viral, hopefully, you are going to craft totally different types of messages on every platform. For instance, TikTok is supposedly the best algorithm for discovery. You could be a startup founder, a businessperson, or you could be doing crazy videos where you're jumping through hoops of fire or whatever else will catch people's attention, and you can become a brand on TikTok. If you create the right content, it can go super viral, super-fast.

Now Facebook wasn't designed to do it in that way, because Facebook is more about your friends. And there are barriers to getting content out to people outside your immediate circle. Instagram is sort of in between, and on Twitter, each person has a different way of analyzing the content and how it would play in their ecosystem. So, what we're



**“WE CARE ABOUT GETTING SOME REACTION, THAT PEOPLE ARE LIKING WHAT WE DO, THAT THEY'RE SHARING IT, THAT THEY'RE COMMENTING ON IT.”**

seeing is a really interesting world where these algorithms are helping influence us. And then of course our behavior influences the algorithm. So, it's a loop, right?

#### Mary

Absolutely. So, does this mean that we are truly entering the edutainment economy? Would you call it that?

#### Steve

Yes. You know they talk about the information economy where there's information out there, and we even look at the news. And traditional media has totally responded to social media and its algorithms, because if you want your TV show or your news broadcast to go viral, you're going to be looking at how these systems work and you're going to adapt your content. And there are tons of clickbait out there and all these other things that don't really have a lot of substance, but they can get you to respond and that's enough to propagate them and more and more people are producing them. So, all of media now is really under the influence of these algorithms and data from social media, because social media is so powerful. It is the discovery platform; it is the way we find content. We used to sit and channel-surf. But the average person isn't doing that anymore. We're discovering stuff through social media, through our friends, through TikTok, and places like that. And that's what's defining the trends.

THERE ARE TIMES IN OUR LIFE WHERE WE WANT TO LEAN BACK FOR EXTENDED PERIODS AND BE ENGROSSED IN THE CONTENT.

**Mary**

Steve, based on what you just said, does this mean that the average person has a strategic and deliberate approach to platforms like YouTube, for example, that create content exclusively for their target audience and are actually developing their own show like an Oprah show? Clearly, this approach works. It draws a lot of attention and builds a massive audience with millions of subscribers. Is this what we're talking about? You're a movie producer, you know how TV stations work, how Netflix works – are they looking at acquiring these types of niche influencers who are self-creating their own success? Is the future of this economy?

**Steve**

Yes and no. There are different types of media. I was a Hollywood TV development executive among the many other things I did in the past. And, the media's changed a lot since I had that job. And luckily I chose to transition from traditional media very early on because I saw the future was in the intersection of technology and entertainment and media. Now, if we look at how people consume entertainment, how they consume media, and how they consume news, we see it doesn't really matter. Depending on the type of entertainment, there are different viewing and engaging habits. There are times in our life when we want to lean back for extended periods and be engrossed in the content.

This is long-form entertainment like movies, Netflix series, TV series, and HBO. And there's this content on YouTube, which is longer too. But when we want that type of content, we go to different places, like HBO Max, to

Netflix, Hulu, or any similar services. Even YouTube has a certain section for its long-form entertainment. For the most part, we're looking for something that will entertain us for maybe half an hour. It could be much longer, of course; people binge-watch for hours on end, but that's what we want. And that type of entertainment is designed completely different because it's not designed as quick bites that we would share; it's designed to basically be subscription-based services.

So we're paying for it. We want to get this real high-quality content, but they're still using data to recommend different content to us. It doesn't matter if it's Netflix or Hulu, they're looking at what we want and they're using this data, but they're using it in a different way. It's much more personalized to what we want as opposed to personalized for us to engage by engaging other content. If you're on Netflix or Hulu and stuff like that, you're not leaving comments on this. It's not that type of content. It tends to be solo, although you could watch it with somebody else, most people just consume it by themselves.

The short-form content is much more social, and it tends to be much shorter because it's what people have time for on their breaks – when they're multitasking when they're on their phones. They can take maybe 30 seconds or even five minutes to check out the short-form content like what TikTok has. They don't want long content, but they may want content with substance. So there's content that's just pure entertainment; there's content that's news-based. There's comedy content that will get you a laugh, and there's content that will educate you, or

inspire you. It's all there but in a completely different form. So, that's how these media channels are playing out in our lives. We're adopting multiple media channels for different things.

### Mary

Absolutely. So you understand movies, you understand AI, and that's a big part of your background. Let's say you are sitting with an entrepreneur having a coffee, and they ask you for your advice on how to be seen, how to be heard, or perhaps how to start a movement for a worthy cause. When you put on these two hats, movies, and AI, what does that conversation sound like? What advice are you giving them?

### Steve

So when I give people advice, I tell them AI is not your enemy, although some people think it is. It can have positive and negative effects on society. AI can have a positive social effect, bringing us together over content that we wouldn't otherwise see that helps us connect with our friends and exchange opinions. Of course, all these ideas can also be very negative as they propagate content that isn't good for society, or maybe just wastes our time. Let's call it junk food media.

If you want to promote a brand or your business, whatever it is, you need to be effective in today's world, not lost in the morass. So you'd better understand this and how AI works. It's about who comments on your stuff, whom you engage with, and who shares it. Are you interfacing with the right influencers? Will this have power? All of this matters. And if you take it to the next level as a content creator, this is where the next competitive environment will be for all of us out there who want to promote our companies, our brands, media, and ourselves. Whoever you are, you're going to be using AI more and more. It won't just be these algorithms on these social networks, but you will actually be using AI to create your content. That is the next open frontier. And those tools and technology are coming to you today.

### Mary

Yes, absolutely. Steve, I want you to put your startup hat on now. You know I use technology in a really big way in my business. We've built a whole platform that allows me to deduce data from an individual, so I can help them define their brand essence using data that's based on their truth because they're importing information, which is the truth. And we are using that information to design their brand profiling, etc. I have found that to be



# FOUNDERS SPACE

Welcome

**AI CAN HAVE A VERY POSITIVE EFFECT SOCIALLY, AND BRING US TOGETHER OVER CONTENT THAT WE WOULDN'T OTHERWISE SEE THAT HELPS US CONNECT WITH OUR FRIENDS AND EXCHANGE OPINIONS**

### Mary

Tons! Excellent analogy!

### Steve

Tons of it out there. However, we have to learn how to use AI effectively in our lives. It's really important because if we don't understand how AI works, we don't understand how people are using data. We can't make educated choices on what media we consume as media creators.

incredibly powerful because they're not trying to be somebody else; they're unapologetically themselves. We're just using data based on them. And that is it. There's nothing else that's influencing that. So a lot of those who listen to this podcast and read this magazine have a service-based business.

I have a service-based business as well, and I wonder: What does the future of a service-based business look like? I don't believe that just showing up to a meeting

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with your compendium and taking notes and spitting out information based on your 20 years of experience is okay; I think that we need to go deeper than that. And this is where I think technology's going to play a really big role in the two different consultants who show up: One has an aspect of technology in their business that can pull out real information that can be used. The other one is based on past experience and no data. What is your view on that?

### Steve

Well, past experience is always going to be valuable, but if you don't have data in your arsenal today, you can't compete because these tools are coming online. Now, they're extremely powerful, so why wouldn't you want to know everything about your customer or your client? You should be using the latest tools to get as much information and prepare yourself as well as possible to service them, to give them the value you promise that you can. And data is extremely valuable. Let me give you just one great example. Facebook did a study and asked people about the content they liked. What content would they click on? Would they click on the video about global warming or the cute cat video? Would they read this article or that article?

And people would say they'd definitely watch this video but not

that other one. They'd click on this article, but not that one. Then FB asked its AI the same question, which basically looked at everything these people did on Facebook. What would this person do? What FB found was that people do not know themselves as well as their AI does. They might say they're definitely going to click on that article about Ukraine because they want to know what's going on, but they actually clicked the cat video! Their AI knows that 80% of the time they are clicking on the cat video, even though they say they're not going to watch it.

We want to be like our self-image, not who we actually are. So if you're serving clients, you want to know who they actually are, and you also want to know who their customers are. If you're going to help them achieve their goal, you can't know them just based on your past experience or your assumptions because they are going to be wrong and they're going to be biased, right? Human beings aren't good at data. We don't process data well.

If you read anything by Nobel Prize winner Daniel Kahneman who wrote all about human bias and cognitive functions, you'll see that human beings do not understand themselves very well. They do not process data very well. Our brains weren't designed to do this. Algorithms do it extremely well, but

they are only as good as the data. So if your data is fundamentally flawed, the algorithm's going to be flawed. If you're pulling from a good source of data, the algorithm is going to give you great answers. It doesn't really matter what business you are in. Every single business on this planet can be made more intelligent, and the ones who figure it out and use those tools to rethink how they do their business will be the winners. That's how capitalism works. If you produce, if you can do something better, you are going to survive.

### Mary

And, Steve, you are talking about everyone, regardless of the size of their business. We have to embrace it in some shape or form to actually also grow as an individual and grow as a business. Is that what you're saying?

### Steve

Absolutely. So let me give you some concrete examples of how AI is going to totally change the service industry and every other industry. There are AI algorithms that can take a low-resolution photograph and make it look like it was super high resolution. Super clear. Why is this so important? Well, think about it. If you're a content creator, and you can only pull low-res content, you're not going to post it, right? So that excludes a ton of content out there, public domain content, old photographs of people, old videos

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主办单位



IF YOU'RE SERVING CLIENTS, YOU WANT TO KNOW WHO THEY ACTUALLY ARE, AND YOU ALSO WANT TO KNOW WHO THEIR CUSTOMERS ARE



with a simple AI algorithm that cost almost nothing, you can upgrade. You can access all this content and make it look like it was a picture taken yesterday, huge at very high quality.

There's a platform out there called OpenAI, founded by Elon Musk and others in 2019. Microsoft is a huge investor. OpenAI has this new GPT-3 algorithm, its latest version of their algorithm, out there. And they have a function on it where you can literally describe a picture, and it'll draw it for you. My son put a black-haired boy talking to a red-haired girl on a cell phone and boom; it created this picture and it looked really cool. Think about that for marketing. Think about branding. You can just describe something, and it's an image.

Let me give you another example. There is software out there right now that I and a lot of bloggers are using. Literally, it can write a blog article in AI. All you do is give it a headline, and it writes the article for you. Of course, you still want to edit the article, but it saves you an enormous amount of time.

### Mary

Absolutely; time is currency, so these types of AI tools play a positive role in our lives. So to your point, we have to see how AI can add value to our lives, not how we can create fear in our lives.

### Steve

Exactly. So using AI constructively can make you a superhuman because all of a sudden you can spend three hours or less writing this article for a client that you might have originally spent three days writing. Let's say they come to you and they need something on the latest teen fashions and the trends going on right now. You'd have to research all that to figure it out. So you type in

"teen fashions," and all this stuff comes up, pulled from this massive amount of data that you have to read and use. That's basically what the AI is doing: digesting all the content on the internet. Literally, they have huge server farms.

You would never be able to do it. And then AI can rewrite it because it has these language algorithms that can rewrite. So there's no plagiarism; plagiarism checks are built into the software tools. It can take the latest teen fashion articles, pull all this content, rewrite it for you in a non-plagiarized way, and you can just publish it.

### Mary

That's unbelievable.

### Steve

It is unbelievable.

### Mary

Steve, let's look at the other side of AI. What about things like facial recognition on my phone? Putting my thumbprint on it? Putting my credit card in there, which actually does freak me out? Should I be worried about that?

### Steve

Of course, we live in a post-privacy era, whether we like it or not. You know, your phone is not only a tracking device of where you are geographically at any time, but it's tracking everything you do. They're gathering your data about the apps you use, and you have very little knowledge, very little control. And like I said, Facebook is starting to know more about you and your preferences than you do. Knowledge is power, and this power can manipulate you. We've seen it used in elections in very negative ways, manipulating people, and it will continue to do this.

**“ EVERY SINGLE BUSINESS ON THIS PLANET CAN BE MADE MORE INTELLIGENT ”**

**KNOWLEDGE  
IS POWER,  
AND THIS  
POWER CAN  
MANIPULATE  
YOU**



We are pawns in this big experiment that's going on right now with data and AI. But we have to be aware of the positive side – making us super productive, and giving us more of what we want. In the future, I'll be walking out outside, and I'll wonder where I should eat. Instead of scrolling through Yelp, I will just say, "Where should I eat?" The AI will know my food preferences and will say, "Let me book a restaurant for you. I know you love Vietnamese food. I'm looking at this great Vietnamese restaurant and I'm going to order for you." So you won't even have to order. You can literally show up there, and the food will be on the table. That's our future travel.

Where do you want to go next? Maybe you want to go somewhere exciting. AI's going to figure it out for you. It's going to book the hotels, knowing that you don't like to spend too much money. So it's going to look for the best deal. All of this will be handled, and you'll be like super happy. AI will propagate because it's so good and it gives us so much value. AI is just a tool, right? If it's used responsibly, it can give us enormous amounts of value in our life, it can make businesses far more productive, and it can entertain us. Of course, if the tool like any weapon or any tool is in the wrong hands of the wrong people, it can be used to exploit and manipulate people, and take us down a very negative path. Our goal as a society is to make sure these tools are used in responsible ways.

**Mary**

I really love that because I think

that a lot of people have this real fear around AI and it is used for the negative, not for the positive. And I think that when there are people like you behind these types of technologies, but also conversations at a much higher level, we really need to look at how we can create this for the social good of humanity or the betterment of humanity. So, tell me what changes you see happening within the next five years in startups, entrepreneurship, and especially service-based businesses that sell solutions to solve complex problems.

**Steve**

Yeah. So, if people really want to go wild on this whole idea of AI and where it's headed and how it will reshape our lives, business, and culture, they can read my book, *The Five Forces that Change Everything*. It goes super deep on some of these questions, as well as the ethical and political questions. In a practical sense, AI is going to change everything about the way we live. You cannot overstate the impact it's going to have because it has a compounding effect. It gets into every nook and cranny of what we do.

Let me give you another concrete example: deep fakes. We know a deep fake is basically an AI-created image that looks just like us. It could look like anybody like President Biden, Donald Trump, or whoever you want. I can create a deep fake of myself now, and in the future, these are going to be hard to distinguish. And not only the deep fake of my image but my voice.



“AI IS GOING TO CHANGE EVERYTHING ABOUT THE WAY WE LIVE. YOU CANNOT OVERSTATE THE IMPACT IT'S GOING TO HAVE BECAUSE IT HAS A COMPOUNDING EFFECT.”



**THEY'RE  
ALWAYS GOING  
TO GRAVITATE  
— TOWARDS  
THE SIMPLEST  
POSSIBLE WAY  
TO DO ANYTHING**

I don't have time to interface with all my clients. They like my Captain Hoff personality and want startups come to me all the time, asking questions, but I can't talk to every individual startup. But in the future, I will be able to create a Captain Hoff avatar, which will be powered by AI. So it'll have a huge knowledge base of what I know about startups in general and all these rules about them. It will have digested all of the books that I've written. It will know what advice I would give based directly from my book. And instead of maybe reading my book, somebody will come up an entrepreneur and say, "Captain Hoff, can you help me with my startup? I have this question and this question and this question," and Captain Hoff, the avatar, will give that startup one-on-one service that I would never be able to do. And if you are out there and wanting to engage customers, wanting to engage clients, or wanting to do different media, we may be using our avatar as our second self or third self.

You can replicate it an infinite number of times. So your avatar could be out there right now during a podcast interview. Maybe I can't do the podcast interview because I'm flying to Europe. Talk to my avatar. In the future, you may not even know the difference; you could think it's me, even when it isn't.

It could get that good. And if you think about celebrities and brands, you see that everybody's building their brand; there are online celebrities who talked about that. A lot of us will be licensing out our image and our avatar to appear in a movie or on a TV show. We won't need to be there; we could be sitting on a beach, sipping Daiquiris while our avatar does our work.

#### Mary

Well, where does metaverse fit into all of this? Because I don't know, and I haven't embraced it at all. But how does that fit into all of this? Is that going anywhere? Are people embracing it? I read that Facebook had a massive loss. What's going on in that space?

#### Steve

Facebook's whole metaverse push was silly. What it's been pushing was a great way to distract people from all Facebook's problems. I can paint a new direction, a new image of Facebook; it changed its name and all that great branding strategy. But the actual implementation of the metaverse that it envisioned was based in large part upon its acquisition of Oculus, the virtual

reality thing. And the bottom line is, first of all, most people did not and still do not really care about virtual reality at the level of quality it has been delivered to date. But there's a niche audience that absolutely loves it.

But 98% of the people out there are confused. It's an awkward interface. It takes a long time to do stuff in VR. Imagine Mark Zuckerberg's vision, and he's super smart, but we all make mistakes, right? We all have our blinders on. And he had his big blinders on, and he got blinded, even though he's a tech guy. He got blinded by the coolness factor and potential of VR. But that coolness potential hasn't manifested itself in our lives, because at the end of the day, people want to get stuff done. They want to achieve a result. They're always going to gravitate towards the simplest possible way to do anything. So, the simplest possible way to interact on the social network is not to sit down, put on a clunky VR headset, go in there to this virtual space, interact with people and their people.

It takes a long time. It's awkward and not that productive. In two seconds, I can be on Instagram and message somebody, read their messages, find updates, and get in and out really quickly in 30-second chunks. You can't do that in VR. That's the number one barrier. Number two, study after study has found that people don't want to interact with random strangers in a VR world for very long. Yes, there's a novelty factor. It's cool. You know, go into this VR world, boom, boom. But then most of us have had enough with these random people who are there. We just don't have time for that. It's not getting anything done.

Now, we did see an explosion in virtual land purchases on the blockchain. So there's the Decentraland sandbox, and a whole bunch of other sites that don't require you to put on a headset. They just require you to go in, usually on your PC, and navigate through this virtual world. Of course, VRS have been around a while. This whole metaverse has been around a while. Second Life was a huge fad. And then it died away, because people don't really care about engaging with other people in these virtual spaces, whether it is with a headset or a third world, just on your computer.

But why these next-generation ones took off was not because of the metaverse. It was because people were speculating on buying digital assets. So they had made a fortune in these cryptocurrencies online and they said, wow, NFTs.

You know, I could buy virtual land. I could buy a virtual third home in this virtual world. How cool is that? I bet if I bought one now, if I got in early, somebody else is going to pay maybe a thousand times more than what I paid. So people started to pour money into this and those virtual things went way, way up. What happened, though? It's sort of a fools game, right? The last one holding these virtual objects, whether it's an NFT, a virtual home in a virtual world, or land, usually someone has way overpaid and gets stuck taking a huge loss. As the novelty wore off, we haven't seen the sustaining power because you need to hit real needs, like in any business. If it's not more entertaining than an interactive game that people love, if it's not more entertaining than a Netflix movie, if it's not more entertaining than looking at our feed on a social network, people are going to go back to the other ones. They're not going to persist. And that's what we've seen.

#### Mary

Do you think NFTs are dying as well? Because I saw a big hype and I'm starting to see it come down again. So what's your take on NFTs?



**people will**  
**put down the**  
**phone and**  
**actually**  
**engage with**  
**you and**  
**ignore the**  
**messages in**  
**a sustained**  
**conversation**

**Steve**

I've been saying this since the beginning that they're way overvalued. Since the early days, what it came down to was speculation. A lot of people thought they could get in early and flip these fast, just like they've done with tokens. And I don't call it investing. I call it pure speculation, and although you can make a lot of money in speculation, you have to know when to buy and know when to sell. People became Bitcoin billionaires and all these other things.

But the NFTs are even kind of sillier because you can make an endless number of NFTs about anything, unlike Bitcoin, which has a limited supply and it could be argued that it's a store of value, like gold. These NFT people are just producing an endless supply of them. Now some like the big ones like Bored Apes have a limited number. There are only 10,000 of these apes, but even those got way overbid. And what can you do with those NFTs at the end of the day? You can put them on your Facebook profile, but then anybody click on them, download them, and put them on their Facebook profile.

And even though you bought the NFT, you don't really own it. You own an instance of it on a specific blockchain, but unless they give you other rights according to the law or the trademark rights in certain countries or territories, what you can do is very limited. An investor group formed a DAO, which is a Decentralized Autonomous Organization. They bought the rights to a rare copy of the book of Dune. They actually thought they owned the copyright, but no. All they owned were the rights to this specific book of Dune, not the copyright or the trademark. They thought they were going to make a fortune by making the next Dune products, movies, whatever, but they found out that no – they don't own anything that would allow that.

# **WHOEVER OWNS THE RIGHTS IN THIS COMMUNITY SHOULD ASK:**



## **IS IT A SUSTAINABLE COMMUNITY?**

And this is where people are waking up, and the speculation always dies out. So the lasting value of NFTs is directly correlated to a couple things. First, it's correlated to what actual intellectual property rights the NFT comes with. You have to read the fine print. In the most cases, 99.9% come with nothing, except the right to resell it on a certain platform. Second is the platform itself, which frequently is community-based. So NFTs can be based around comic books, around movie characters, or around Harry Potter.

And whoever owns the rights in this community should ask: Is it a sustainable community? Will people value that NFT for the community because our communities are social things? People want to have a certain cachet in the community. In a game community, many people will spend a lot of money on game items that literally dress them in cool armor, so they look super cool. If you play Legal Legends or other things, and you tie NFTs into these types of communities where that community generates the value and that community has staying power, then perhaps an investment in these NFTs is a reasonable one. Because you know this community isn't going away, you believe that over time it'll become more valuable, or you don't care.

You just value owning that NFT in the community for the social recognition. It gives you status. It gives you other factors could be enhanced with actual capabilities within a game or a world like that. So, I do believe in NFTs in those cases. I'm not anything like a hater; I'm a tech guy. I love these things. So, I do believe there's value to NFTs, but you have to be very careful. And if you are just following the lemmings, you're going to go off a cliff.

**Mary**

Absolutely. So in terms of what we've spoken about in this interview, where does the human come into it? And I'm asking that question because the last two years we've been housebound, we've been using Zoom. Everything's been through a screen; actually, a 100% of my business is over Zoom. I don't physically have meetings with anyone because 85% of my clients are international, but I do need that human connection, Steve because things are different when you are with humans. So what role does the human play in AI technologies, all this stuff that's happening within the next five to ten years?

**Steve**

Well, hopefully, this technology will enhance the quality of our lives because at the end of the day, our lives are what we live. Do we want to have all our relationships on Zoom and social networks? I don't think most people want that. Rates of depression, medication use, and substance abuse have been going up worldwide, especially during the pandemic because people were trapped in their houses and this was their only outlet. And it's not how we, as biological beings, were designed to function. If we don't have that in-person face-to-face interaction, the human touch, it feels like we're in an isolating environment. It can be very depressing for a lot of people. And it changes our behavior in not-so-positive ways.

So these factors are important things to consider when you, your kids, spouse, or friends are using social media. We need to limit how we use all of this technology and use it responsibly for ourselves because it's so easy to get sucked in. There's so much going on that it can take over our lives if we let it. One positive thing I've noticed is when smartphones first came out and went mass market, everybody had their iPhone or Android. You'd go to a party or out to dinner. And everybody was on their phone all the time, just ignoring the people around them.

I've noticed that at least among the people I'm interacting with these days, people will put down the phone and actually engage with you and ignore the messages in a sustained conversation, which for a period of time seemed like a threat. If you were having lunch with somebody, they would pick up the phone every time a new notification came in. And that was totally annoying, but people have adjusted for the most

part. And if they don't, I don't really hang around them because I find it quite rude that they're on their phone, while we're supposed to be having lunch. My point is we can get control of this technology. We can use it effectively to enhance our lives. It doesn't have to become a negative unless we let it be.

**Mary**

Steve, who do you predominantly work with? Do you work with startups? Do you work with large organizations or individuals?

**Steve**

All of them. Founders Space is a startup hub, an entrepreneurial hub about innovation. We help entrepreneurs innovate and go to market, raise capital, and build their businesses. That was the core of our business – helping everybody from across the United States, and from around the world, come to Silicon Valley to get their company going. That was Founders Space's original mission, but we grew. And we grew internationally; we now have over 50 partners in 22 countries. I spend 70% of my time traveling, which I think is really cool. I meet face-to-face with people all over the world who are doing this. We work with governments like in the country of Georgia I just returned from.

Now I'm going to Austria to work with its government. Then I will fly to South Korea to work with the government and its startups. And then I may fly to Kazakhstan to meet its president and work with their team. And then the following month in October, I'll be in Uzbekistan.

And we also work with big corporations that want to innovate. We consult with giants like Qualcomm, Intel, and Huawei. We have consulted with them and actually helped them innovate and connect with entrepreneurs and build ecosystems.

And then for me personally, the most fun I have is when I'm with really creative people who want to make a positive impact, who want to make positive changes using technology. So, I know all these issues we talked about today so well because I'm thinking about them day and night. And I'm thinking about the negatives and the positives. So how do we take these technologies, these great entrepreneurs, brilliant minds, and put them to use to make our world better?

**Mary**

Do you think that companies really do care about using AI for the betterment of humanity or do they use it because they can? I just feel sometimes that there are a lot of sinister people and companies. Do you think that companies genuinely care about the betterment of humanity?

**Steve**

So some companies do, and some don't. A lot of it comes down to corporate culture, which is dictated from the top down, not from the bottom up because the bottom level has to conform to what the people at the top are doing. Companies like Facebook are a very poor example because I don't know that Mark Zuckerberg has a moral compass. He has demonstrated that he will do whatever's good for Facebook, which is what's good for him and his shareholders, and his wealth. He will not put the brakes on all sorts of data use that is to the detriment of users and society. He's only done it under pressure from politicians and the media, which hit him back hard, and public opinion went against him.

Look, I'm talking about him now because he has become much better, but not of his own volition. So I do not trust him as a leader from the top down setting Facebook's goals for our betterment unless he sees the light and converts into a socially responsible human being. He may do that someday,

but to this point, he has not. A lot of companies have a Zuckerberg in them; it's not just Facebook. But it's not that Zuckerberg is evil. He's acting out of self-interest, which can be good in capitalism. We like to say that Adam Smith's enlightened self-interest would be nice, but he's sort of missing the enlightened part.

So we want our leaders to make ethical choices. Whenever you are running a business, you are making ethical choices. You could say you're just a business person, but you are never just that. You are a citizen of society with a lot of power. How will you wield it? How will you use this power? And this is not new to the society. This has always been true. The Robber Barons, the Carnegies, the Rockefellers of the world at first maybe looked very unscrupulous. But most of Carnegie's money went to all these foundations and great things. So people are a mixed bag. You know Zuckerberg isn't all bad, right?



He's given to charity, he's founded hospitals, he's given to schools. Let's not totally paint him into a corner. He wants to win, but most businesses want to win. So a lot of times they will make compromises on what to do. And most entrepreneurs aren't pure evil or pure good; they're somewhere in the middle. You look at Patagonia, a company that veered more towards the enlightened side, leading the charge when it wasn't even fashionable to be more sustainable. And you see entrepreneurs out there who are really doing amazing things. Those are the ones I want to support. If you can



demonstrate to me that it's in your DNA as a human being that you really care about those things, I want to support you. Let's support them with our dollars and with our time. If we see entrepreneurs who are really more cutthroat, really more concerned about the bottom line even at the expense of users, the expense of society, let's try to not give them our time, our attention, our dollars.

**Mary**

Yeah. I'm with you one hundred percent.

**Steve**

And it comes down to all of us, right? We can't just blame them and say, well, I have no choice. We always have a choice.

**Mary**

Absolutely. Oh my God. I love that. Oh, we could just do a whole segment just on that topic. Now there's one final question that I ask all my guests and that is, if you could meet someone who is no longer living, who would it be? What would you ask?

**Steve**

So I would want to meet Maimonides, an ancient Jewish philosopher. I'm Jewish, by the way. I would ask him: How can we as human beings get ourselves to forego our self-interest and do more good in the world instead of focusing on more of what we want? How can the most ambitious of us who want so much overcome our ambition? I think all of us suffer from this a bit, and all of us could be doing more good. I know absolutely that I could be spending more of my time doing good, rather than trying to benefit myself, and I know people who do this, actually take that step in a serious way. We'll do it in small ways, but like totally transforming who we are and what we do. And how could more of us do that?"



**Mary**

I love that! I got goosebumps when you said that, Steve. So how can people get in touch with you?

**Steve**

I'm super easy to reach. You can reach me by simply going to FoundersSpace.com. I'm there. All my books are there, Make Elephants Fly, Surviving a Startup, and The Five Forces. Tons of videos, and tons of content. You can also find me on virtually every social network, just search for Captain Hoff or Founders Space. LinkedIn is a great place. I respond to all my social media.

**Mary**

Dana, we've come to the end of the interview. And I always like to ask my guests this one last question: If you could meet someone who is no longer living, who would it be and what would you ask or what would you want to know?

**Steve**

Thank you, Mary. You are a great interviewer, and I mean that because I'm only as good as the interviewer who asks the questions. You are just wonderful to talk to. Thank you for having me.

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