



Online Work Platform that Connects Businesses to Talent for Data Extraction



Mark Sears
Founder and CEO

CEOCFO: Mr. Sears, what is the idea behind CloudFactory?

Mr. Sears: CloudFactory is an online work platform that connects businesses that need high volume, data intensive work done by a very talented group of workers around the world. It started by living in Nepal where I met really, really talented people and recognizing the great opportunity to build a technology platform to connect them to the growing demand for data-related work that makes the world go around. Therefore, that is what we did, we built a technology platform and are connecting businesses to talented people to do all types of things, such as transcription of audio and video, tagging images, extracting valuable data off of scanned paper like receipts and medical forms and invoices and historical documents. That is what we do. A 24x7 factory in the cloud where technology and talented people meet to deliver on core business processes for companies around the world.

CEOCFO: What is it about the CloudFactory approach that is different, better, cheaper, faster than your competitors?

Mr. Sears: Obviously, in the last twenty years much of this routine, repetitive back office work has been shifted off shore. Therefore, the way that much of the work is done today is via traditional outsourcing. What we have done is built a completely new way from the ground up to get this work done. We are a technology company; a technology platform where our clients are sending the work in via the internet, via an API. We are then breaking that work up into small micro tasks. We have some of those tasks that are completed by software robots, by automation and some of them are done by our workforce. Then we put it all back together, do quality control and ship it back to the customer over the Internet. This whole process often happens in minutes. Therefore, we can provide a technology-based approach that brings new levels of efficiency in terms of cost, speed and scale. We are about mass production, division of labor, breaking things down and assigning them using a combination of human and machine intelligence. We have used a very different approach and our clients are pretty excited about the end result and benefits to them.

CEOCFO: How do you decide what is done by humans and what is done by machine? Is it easy to tell?

Mr. Sears: If definitely is not. No. We are constantly surprised by the things that we think that we would be able to automate. It is usually done through doing split A/B testing and trying them both ways. Obviously, it is really dependent on what our client is trying to deliver in terms of their requirements. If they are trying to deliver a user experience; if it is about speed, if it is about accuracy, if it is about cost, this all helps determine that perfect mix of human and machine intelligence and that is what we have gotten really good at. However, we definitely continue to be surprised how often “man beats machine” as we get deep into creating solutions for our clients.

CEOCFO: Are your workers primarily in places like Nepal, or are there tasks open to everyone?

Mr. Sears: We do not have a public, open crowd. We have what we call a curated workforce – people we know, manage and train face to face. It still is a distributed workforce, but our workforce is mostly in Nepal and Kenya, right now, where we have offices setup. We hire smart people in smart places, but we do screen them, we do test them, we do meet with them on a weekly basis and we do ongoing training. Therefore, it is kind of this hybrid where they do all of the work from home. We actually have a team-based model where everyone is organized into teams of five. They do the work independently, but they meet every week in their team of five. There is knowledge exchanged and an opportunity to receive training and updates. It is really trying to build a hybrid between an open, public, chaotic crowd where you have scalability, but you do not necessarily have the accuracy and dependability that you need. Therefore, it is somewhere

between that side of the spectrum and then the other side, which is a more traditional BPO delivery center where you have hundreds or thousands of people that are in one physical location; usually in urban India or China or the Philippines. Therefore, we have tried to build what we believe is the future of work where it is scalable, it is global, but we still have relationships. We still have the ability to train and engage and hold our workers accountable.

CEOCFO: *Why Kenya?*

Mr. Sears: Kenya really came about when we acquired one of our competitors that had a great transcription technology that of course needed to be combined with a human workforce to do audio and video transcription. We searched the world to find where the hottest, up and coming country is to do audio/video transcription in. We did a pilot project in Kenya where it was a huge success. The spoken English comprehension was definitely better than what we had seen in Nepal and other countries. Therefore, we started building a workforce there. That is what we are doing. We are expanding our workforce, country by country, finding the right combination of skills, so that new languages, new time zones and new skill sets can better serve our clients.

CEOCFO: *What has changed in your approach since you started? What have you learned along the way?*

Mr. Sears: That is a good question! We have learned so much, as most companies, where you start out with a lot of assumptions and then adjust. One of the biggest things that we have changed is where we try and find out what the best thing is to automate and what the best thing is to have people do. I think what we have been learning is, again, that those are not really a substitution type thing. There is a lot of talk about the future of automation and how it is taking jobs and these sorts of things. However, I think that what we are realizing, when you get deeper into it, is that men and machine are complimentary not substitutive. Technology is meant to help us accomplish more. Therefore, we are trying to find ways to get technology tools in the hands of our workers, to create what we call the 10X worker, where a worker can be ten times more productive, instead of trying to substitute or replace workers with technology. I think that is a fundamental philosophy for what the future of work looks like and how robots and automation play into that. I think what we have been learning along the way is that there really is an important place for both to continue to become more productive and efficient and be able to accomplish more in general as businesses and a society; that we need to find that right complimentary approach for both.

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CEOCFO: *You mentioned a difference in the workforce in Kenya and Nepal. Are there skills or areas that you would like to have a workforce?*

Mr. Sears: Yes. We have countries that we are looking at because specific customers are asking us to go there. Those are places, even in South East Asia, where many tech companies have a ton of their users. Many people are realizing that as a tech company online, my market is not just necessarily North America or Western countries. Therefore, it is interesting to see that sometimes our client's desire us to be located in the places where many of their users may be. Other times we are going specifically for, as I said, specific skills like certain languages. Therefore, if we have a lot of French documents that need to be transcribed we look at places like Rwanda and Morocco, for instance. Then, in general, we are looking for that great talent surplus, places where different geographic or economical barriers for example have created a large talent surplus that we can tap into and connect people to the global marketplace. That is really what we saw in places like Nepal, where it is top five in the world for remittance. That means that their biggest money maker is from people who have left Nepal to earn and send money back home. Over fifteen hundred people a day leave Nepal to work abroad. You have all of these other countries that are paying for the talent in Nepal which tells us something. So why don't we go to Nepal and create jobs for people to actually stay or come back, instead of having to leave the country. We are finding similar indicators, through research and through practical on the ground networking. We look at data. We listen to our clients. We build relationships and network globally. This allows us to find the talent surpluses and different skills and time zones that allow us to put everything together. Of course, wherever we operate we want to make a big impact. We have a very strong social mission and that is core of why the company exists. However, the great thing is that it all seems to align very well with us making great choices for our clients.

CEOCFO: *How do you ensure when you are working with Kenya or with Nepal that the language you are using, maybe in the instructions or in the task, is absolutely right idiotmatically?*

Mr. Sears: There are a couple of ways. One is inherent to the type of work that we do. This is discrete work, where there are actual answers. It is not very open ended. These are data oriented tasks that we are working with and the fact that we, again, break them up and build much our logic into software; into workflows. Again, CloudFactory is a technology platform

where we have virtual production lines that we create for our clients. It is similar Henry Ford back in the early 1900s where you would have nine mechanical engineers that would create one car; all nine of them would work to build one car. They would then move over and they would build the next car and then the next car. Then all of a sudden you have this division of labor and conveyor belt and this assembly line approach where he broke it down into forty three discrete steps that needed to be done. They staffed it with lower skilled labor that was actually able to outperform the mechanical engineers, because the logic was built into the process. Therefore, we have taken that same approach to knowledge work, to online work. That is why CloudFactory is able to produce good work, consistently at scale. That is mostly because there are very straightforward task stations where there are clear instructions and they are pretty discrete tasks that need to get done. Then the other thing is that we actually have production managers that are there in country that adjust those specific task station instructions for our market. It is things like when there are dates that need to be extracted off of receipts. Is the format month/day/year or day/month/year? Our client may ask for it one way, but we will translate that to how it is referred to in the local country. That is a simple example. There is a small translation layer that occurs sometimes, but most of it is because the logic is baked into the process and we are dealing with smaller, discrete tasks.

CEOCFO: *How will you use the money from your recent fundraising?*

Mr. Sears: Our Series A is very much a sales and marketing round of financing. First we built our engineering team. We built our technology platform. We built our workforce. We ran a few million tasks through the system. We found that we have happy workers and happy clients. We were really able to prove things out to a point where we could raise a Series A to now grow our North American sales office. Therefore, we are growing our sales and marketing team to really take things to next level and let the world know about CloudFactory and the future of work.

CEOCFO: *What is the reception when you approach a business with your concept? Do people understand immediately? Where is the skepticism and then the aha moment?*

Mr. Sears: For people who have tried to outsource this type of work, for people who have tried crowdsourcing this type of work, for people who have tried automating this type of work; there are definitely many aha moments where they realize the many drawbacks of these different approaches to get the work done. They have kind of imagined a system like CloudFactory, so when they hear this factory that we have created and how it has this combination of technology and talented people and scalability and efficiency, it definitely speaks pretty clearly to these people. There are many reasons to believe that we have a different and a better approach to get the work done. I think the first tendency, whenever you are talking about outsourcing work, is that people have been over promised. They have tried outsourcing it twice and failed. They experimented with crowdsourcing on Mechanical Turk and could not get the quality; it failed. Therefore, many of the clients that we talk to have been forced to bring the work in house because they need to get accuracy. However, it is not their core business. They quickly realize, "It would be great if I did not have to do this and you guys have built exactly what we needed. Where were you a few years ago?!" Therefore, yes, it is has been great to have that validation for sure, as people with large amounts of data-related work quickly understand what CloudFactory brings to the table.

CEOCFO: *Why should businesses work with CloudFactory?*

Mr. Sears: I think our current clients are happy that they went with us because they can now deliver a better user experience to their customers. We have become the secret sauce for a lot of our clients, because we can get better data back to their customers faster. That creates a better overall user experience that is allowing them to grow their business. We deal with a lot of technology and fast-growing companies. Therefore, the differences that we create in getting their data back faster is helping them to make more intelligent software and improve the overall experience for their customers. I think that is the big picture benefit and competitive advantage that we bring as a partner.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



CloudFactory

For more information visit:

www.cloudfactory.com

Contact:

Mark Sears

1 203 701 6275

mark@cloudfactory.com