

Milestone Description

Multimedia deep dives in selected areas of interest connected to the research questions. Ongoing documentation and synthesis of findings in public accessible drive. Outreach to find relevant interview subjects, execution of the interviews, and synthesis of findings in Jobs To Be Done format.

Reviewed content for multimedia deep dives

- On AI Companies Case Studies
 - [OpenAI deal](#)
 - [OpenAI blog on structure](#)
 - [OpenAI criticism](#)
 - [Anthropic case](#)
- On Alignment
 - [Daniel Schmachtenberger and Liv Boeree](#)
 - [BI article on alignment](#)
- On PRISM, alternative structure model
 - [PRISM article](#)
- Founders Pledge case study
 - [FoundersPledge](#)
 - [TechCrunch Piece](#)

Interviewee Profile Criteria

- Is the founder, co-founder, CEO, executive director or project leader of a start-up, research project or collective / DAO that is directly connected to AI or is using AI in a key part of its offering.

Interviewees Search Process

- LinkedIn cold messaging
- Twitter cold messaging
- Publishing in SNET telegram, mattermost and RnDAO discord
- Asking for introductions and recommendations
- Directly messaging SNET members that fit the profile

Comment: We sent over 100 LinkedIn and Twitter cold messages and only got 6 responses back, and only 2 interviews, 1 of which ended up being not a fit to the profile criteria. Out of the 11 interviews ultimately performed only 4 were from non-SNET community and only 1 of those was not from a warm intro or connection. We would like to thank the SingularityNET community for its engagement and support in the project.

Message Templates Used

These were the messages used for direct contacting on LinkedIn and Twitter:

- "Hi X, it's a pleasure to be in touch. As a part of a Singularity Network grant award I am interviewing AI founders to understand their views on corporate governance. I'd like to invite you to join the project. It would take 15 minutes or so."
- "Hey X, thanks for the connection. I'm the Founder and one of the principal researchers at Relab, the regenerative organizations laboratory. We recently were awarded a research grant by Singularity

Network to explore how AI founders are thinking about governance design. Would you be willing to join the study? It should take less than 15 minutes and I'll share the final report with the findings back."

Interview Method

Interviews were conducted from February 10th to February 27th 2024, all were done over Google meets.

Final Adjusted Interview Questions

- Describe your project
- Can you describe what has been your fundraising history for your venture, including grants, loans and equity deals?
- What specific challenges are you facing / have you faced in securing funding? Please give an example.
- What are your ideal exit scenarios and end-game structures for your company?
- Can you list out all the factors you considered when picking an investor? Can you put them in order of importance?
- How did you evaluate an investor's alignment of values to yours? As in "is this person going to put pressure on me down the line to do things I would not agree to with the business"?
- Have you had an experience where an investor's alignment or misalignment significantly impacted your project? Can you describe it?
- We're exploring alternative fundraising and governance structures where investors would only have a consultative status in the board, but would have liquidation preference up to a certain multiple of return (like 3x or 5x). Staff would also have a consultative board seat. What are your initial thoughts on a model like this? What do you like about it? Do you think it's viable?
- What would be your concerns around applying such a model to your business?
- Lastly, what is your level of openness to engaging with web3 tools and structures in your company?
- What is the decision making process between you and your partners or relevant stakeholders?

Responses Summary

Question	Total	From SNET	Outside SNET
Part of the SNET community?	63.64%	100.00%	0.00%
Received Grant?	81.82%	100.00%	50.00%
Received Angel Investment?	45.45%	42.86%	50.00%
Received VC funding?	36.36%	14.29%	75.00%
Invested own money?	63.64%	71.43%	50.00%
Problems with investor alignment?	54.55%	42.86%	75.00%
Values alignment was a factor in choosing investor?	72.73%	100.00%	25.00%
Aims for IPO / Token Offering?	18.18%	14.29%	25.00%
Aims for Acquisition?	45.45%	42.86%	50.00%
Aims to have a Lifestyle business?	36.36%	28.57%	50.00%
Aims to exit to community?	45.45%	57.14%	25.00%
Product is an AI dev tool / service? (for example, llm training service)	36.36%	57.14%	0.00%

Product is a client facing AI product? (for example, chat bot)	36.36%	28.57%	50.00%
Product is not directly AI related but uses AI / ML in the backend?	27.27%	14.29%	50.00%
Thinks PRISM is viable?	90.91%	100.00%	75.00%
Is open to web3?	63.64%	85.71%	25.00%

Results in the Total column indicate the percentage amongst all respondents who's answers were "Yes" to the question in each respective Row. Coloring in the Total column is meant to indicate scale from minimum to maximum value. Coloring in the other two columns is meant to indicate if the response from that group (SNET or not) is above the total average.

Explicit comments on PRISM

- Concerned about ensuring long-term funding for development, especially for beginners or those new to startups.
- Concerned about maintaining freedom of choice in funding and development pathways. Worries about the investors' impact and prefers investors who contribute more than just capital.
- I'd have to look at all the clauses and scenarios legally speaking, if it was applied using blockchain I would be super worried about cybersecurity.
- I'm concerned about workers rights in all of this and I wouldn't want to lose autonomy to make decisions closely with the workers and team.
- If there is a multiple of return expectation then there should be a path for a greater profitability or exit than that multiple (if investor expects 2x we should have a path to 10x).
- Viability.
- My concern is ensuring investors are truly aligned with our long-term vision and ethical approach, not just seeking short-term gains.
- I'm wary of high liquidation preferences in general since it can cripple further funding or demotivate the team.
- Concerned about the pressure and commitment of promising a fixed return multiple to investors. Prefers maintaining control and flexibility in business operations.

Results Analysis

- Type of Funding: Grants were the most common funding type (perhaps skewed by the over representation of SNET members), with over 80% having received one, however only 50% of non SNET respondents did so. Self-funding was the second most common type of funding, with 63%. Angel investment 45% and VC funding 36% were the two least common, however both were much more common outside SNET with 50% and 75% respectively.
- Type of Product: the teams were divided almost evenly in three thirds between those doing work directly connected to AI development, AI dev. tooling and AI dev. services, another third in AI focused client-facing products, and another third were not directly AI-related but using AI/ML in the backend. SNET teams were more involved in direct AI development, tools, or services, with a higher percentage (57.14%) while no outside SNET team was doing this kind of work.
- Problems with Investor Alignment: 54.55% of respondents reported problems with investor alignment, with a higher incidence outside the SNET community (75%) compared to within (42.86%).
- Values Alignment in Choosing Investors: 72.73% considered values alignment a factor in choosing investors, with all respondents from SNET (100%) considering it important, compared to only 25% outside SNET.
- Exit Strategies: IPO or Token Offering was the least desired exit strategy (18.18%), with slightly more outside SNET (25%) than within (14.29%). Acquisition is a goal for 45.45% of respondents, evenly

distributed between inside and outside SNET. Exit to community was the most favored outcome for SNET members, with 57% of them supporting the idea.

- PRISM Viability and Web3 Openness: A high percentage (90.91%) believe in the viability of PRISM, with unanimous agreement within SNET. Openness to web3 is also higher within SNET (85.71%) compared to outside (25%).

PRISM comments Analysis

- Long-term Funding Assurance: Incorporate mechanisms that ensure sustainable funding, perhaps through innovative financial instruments or platforms that provide continuous support, especially for new entrants.
- Freedom in Funding and Development: Maintain flexibility in choosing funding sources and development paths. Create a model that allows for diverse investor contributions beyond capital, like mentorship or resources.
- Legal and Cybersecurity Concerns: Detailed legal frameworks should be designed to address potential issues, especially if blockchain is utilized. Ensure robust cybersecurity measures are in place.
- Workers' Rights and Autonomy: Guarantee that the model safeguards workers' rights and maintains team autonomy. Decision-making should involve input from workers and team members to foster a collaborative environment.
- Investment Returns and Viability: Offer clear paths for scalability and profitability that exceed initial investment multiples. This addresses concerns about fixed return expectations and aligns with both short-term viability and long-term growth strategies.
- Investor Alignment: Implement strict criteria for investor participation that prioritize alignment with the company's long-term vision and ethical standards over mere short-term gains.
- Liquidation Preferences: Manage liquidation preferences carefully to prevent adverse effects on future funding and team motivation.