

# WE ARE ETH – Episode 37

## With Daniel Naeff, entrepreneur and one of the leads at the ETH AI Center

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**[00:00:00] Daniel Naeff:** Switzerland has the potential to play a key role in AI because Switzerland has the resources, Switzerland has the talent, but Switzerland has the disadvantage that it's quite small and much as well of the funding that eventually needs to go in the real world application.

**[00:00:21] Susan Kish:** In this episode, I'm talking with Daniel Naeff, entrepreneur, one of the leads at the ETH AI Center, and an ETH graduate in mechanical and industrial engineering. I'm Susan Kish, and I'm the host of the We Are ETH podcast. Daniel, welcome thank you so much for joining us. And that looks like a gorgeous, is that a screensaver in the background or is that really your view?

**[00:00:54] Daniel Naeff:** That is actually my view from the ETH AI center location in Erlikon or the Swiss AI tower from floor 19.

**[00:01:02] Susan Kish:** I saw listed on your bio that you are a rower, a pilot, and an angel investor, and you have a full time job. Sounds like you're a very busy guy. Can you, I think most people, but maybe not all, understand what an angel investor is? Could you define what an angel investor is and maybe talk about a couple of companies in your portfolio?

**[00:01:22] Daniel Naeff:** I'm not sure if there is a common definition of what an angel investor as such is, but it almost always entails the supporting investment into very early startups. So basically teams that are working on a business case, helping them grow either directly with financing and, or as well, operational support, depending on the setup.

So that means I'm most interested. In supporting startups at the very early stage. Now, of course, the financial outcome is as well important. And from my perspective, I think there's a couple of aspects that are relevant, not only just the financial aspect, but also the team behind, but also then the purpose and the impact that the team can have and originate and maybe that is, is (Unterbruch von Susan) some, yeah.

I

[00:02:04] **Susan Kish:** just was going to say impact is one of those wonderful words that sort of is in the eye of the beholder. Just art is in the eye of the beholder. When you say impact, where do you look for impact? How do you define it?

[00:02:17] **Daniel Naeff:** That was a very good question. And there's a lot of questions where you probably would get different answers from very different individuals. For myself, impact has much to do with what can a business, what can a team, what can a new company do more than just generate money or a value add for customers, so really providing more value that in one aspect can go into an improvement of societal topics, can be an improvement of environmental topics.

Can have very different aspects of that, but first and foremost, something that is not just a money generating machine, but something that actually satisfies an additional meaning or purpose or achievement.

[00:02:59] **Susan Kish:** What was the inspiration to start your first company? You co founded Okura, right? That was your first entity you started. What was the problem Okura was trying to solve?

[00:03:11] **Daniel Naeff:** After, after realizing and diving a little bit in understanding how venture capital often works and as well, how inclusive or non inclusive these are, I realized that maybe with blockchain technology and more specifically, With digital assets, it will be possible to devise a network that allows many more individuals, basically those that provide a value add to early stage companies to provide these individuals as well, a micro equity stake in a venture portfolio.

And that is at the moment, something that is not easily to achieve. So it's a much more restrictive asset. And with the intention to open it up, democratize the access to such an early stage venture portfolio asset. Was in essence as well, what sparked me and as well, my co founders to build Okura.

[00:04:01] **Susan Kish:** And then what was the catalyst to have you start Brainforest? Because it sounds like that flipped from the sort of investing side to the venture building side.

[00:04:14] **Daniel Naeff:** Yeah so the venture building side is very connected as well to the investment side. What's interesting to know at the beginning is of the brain forest story is that there was, or there were as well, two founders of brain forest already in place that had like ideated to build something, an ecosystem around

something that could help solve the big societal and more specifically climate challenge in the world. And so the moment when I first talked to both of them and I started to realize that with what they want to do could be possibly achieved through a venture studio. So basically a structure that allows the structured approach of ideating and incorporating new companies and basically have a playbook.

[00:05:01] **Susan Kish:** In terms of how to get these ideas from, uh, a whiteboard to an operating entity.

[00:05:09] **Daniel Naeff:** Yes, absolutely. And the big challenge is in general, just if you think of a playbook or a venture studio that builds multiple of these companies is on first of all, of course, as with any other startup activities, there is just a certain likelihood that some of them won't make it and you have to imagine it's three different moving targets at the same time, because.

You want to get an idea of what the business case is and you help shape the business case while you identify as well what potential market you could satisfy, which customers there are, and so on but at the same time, you want to start and find like the key individuals, the potential co founders that you as a venture studio want to back and support.

So the co founders bringing them together with a potential idea on business case and at a third time, you want to get as soon as possible a first kind of prove that this whole thing could work, which means you want to find as soon as possible a first potential customer or an investor, or kind of further indications that what you're thinking about of possibly a good idea is not just rooted in a, in a vision, but really hits as well, possibly reality.

[00:06:17] **Susan Kish:** So let's talk about the ETH AI Center. Many universities have seen these last two years, especially since the CHAT GPT 1. 0 in the fall of 22, as a real clarion call to, uh, pull together all the strands that are looking at this topic, right? From basic science to industrial engineering to whatever. What was the journey that the ETH followed and when, tell us about the Institute itself.

[00:06:47] **Daniel Naeff:** So the AI center is fairly young. I think it was founded about two and a half, three years ago. And, um, so it's very young and it's on the typical growth pain journey from a maybe venture builder, angel investor, and entrepreneurial perspective. Why? Because there is so much growth. So there's so much demand in this area that makes it very challenging to understand what are opportunities and what are more distractions.

[00:07:16] **Susan Kish:** That's a good clarification.

[00:07:18] **Daniel Naeff:** And this growth journey basically allowed the AI center as well to position itself in an area where it has two kind of main pillars to address, on one hand, of course, to do cutting edge AI or interdisciplinary AI research, which means AI or machine learning on one hand, but also a subject matter topic on the

other hand, this could be Any one of the various professors that are involved or directly linked with the ETH AI Center, these are about 110 at the moment.

[00:07:48] **Susan Kish:** Wow.

[00:07:49] **Daniel Naeff:** It goes through all 16 departments of ETH Zurich. And that means on one hand, this interdisciplinarity of that research, where you can imagine each PhD postdoc gets two supervisors from AI machine learning side, but also from the subject matter expertise is one aspect but then the second aspect, and this is the part that I'm more closely involved within the AI center is the question, how do we translate the insights or the results on the scientific side, actually into society and industry? There are different ways to do it, but of course, startup is one of them.

[00:08:24] **Susan Kish:** And have you had any startups to date?

[00:08:28] **Daniel Naeff:** Yeah. So the AI center we have, I think by now it's more than 30 I think we have maybe cracked the 30 first mark as well, end of last year, so it's quite a large number from these 30, 20 are just from last year. So we expect as well, just this year, another growth larger than last year.

[00:08:49] **Susan Kish:** This certainly seems a place where your background at consistently cutting edge technology on the angel investing side on the incubator business building side, it feels like it all comes together here in terms of your role at the AI center. So congratulations. One of the interviews, I think it was in your profile, the ETH circle, you talked about how traditionally the ETH is quite siloed, but your description with all 16 departments and a hundred odd professors, that does not sound siloed.

How was the AI center able to do that?

[00:09:23] **Daniel Naeff:** Now I want to give a big kudos here to Alexander Illich that founded the center and he's director of the AI center because his entrepreneurial spirit to not fall into this trap that I think often in a large institution, so to say a vehicle as well with the ETH AI center that allows for failing forward, trying out new things, basically figuring out how can we build these bridges between these different institutions, how can we leverage the different incentives that when you bring them together and smartly allocate them, but then of course, just the setup is only half the story, you need as well the great people to do. And that's the other exciting part within the AI center, because it's a majority that we have as well within the team that have an entrepreneurial background that have built and or sold companies and bring so much more together than just interested in doing a nine to five job, but actually solving some of the hard challenges that possibly through AI as well could change society in the near future.

[00:10:21] **Susan Kish:** I saw you recently did a talk about the position of Switzerland as a whole in the world of AI. Switzerland is typically ranked amongst the top, if not the top for an innovative country. What's the special sauce that makes AI and Switzerland an very interesting combination right now?

[00:10:40] **Daniel Naeff:** We, of course, in Switzerland have that advantage of having already a long tradition on focusing on the human capital. So research is one side, but there are also areas where Switzerland has to step up there I would believe as well, many of other countries went already a few steps further, and we talk about the allocation of funding for programs within a country that we talk about support that through different initiatives.

But I think Switzerland has the potential to play a key role in AI within us, because Switzerland has the resources, Switzerland has the talent, but Switzerland has the disadvantage that is quite small and much as well of the funding that eventually needs to go in the real world application. There Switzerland is not necessarily at the forefront and Switzerland has by all its advantages of thinking through a lot before doing it as well the disadvantage that we might wait too long until we make a decision.

[00:11:41] **Susan Kish:** Understood. So let's pivot the conversation and talk about you and the ETH. You're active within the ETH alumni board today if you are, uh, ETH. Affiliate or some graduate or had done something with ATL. How do you, how do people get engaged in the alumni network?

[00:12:01] **Daniel Naeff:** You can join some of the different events, but also ETH alumni has, has basically a portal through which you can as well connect alumni and more recently as well, what we launched as well, um, from ETH alumni is a knowledge network, so you can sign up to that knowledge network and post, say, almost all questions and gain answer or provide answers um, to, to different topics.

[00:12:27] **Susan Kish:** Fantastic. So instead of opening up my phone and typing something into chat GBT, you're saying I could launch into the ATL alumni knowledge network and post a question and it would take advantage of all the resources of the alumni network.

[00:12:44] **Daniel Naeff:** The network or the platform is one way to connect the different insights or knowledge that the different members have with and to each other, so that means if you imagine a network of ETH alumni that possibly is in the 80, 90 thousands then you can imagine that if individuals from all walk of life and all different sectors that have knowledge from specific industry to specific technologies to different leadership and growth aspects or very hands on life tips or learnings that through such a network, you possibly could access that social capital of others. Now, a network, of course, gets more powerful the more people are active and using it. So at the moment, we are just in the build up and in the beginning of building that network but the vision, of course, is to grow that network to a substantial amount of users that you basically could really ask almost any question and get an answer to it and then leverage basically your learnings or your insights as well with others on that platform.

[00:13:51] **Susan Kish:** Fantastic. How would you describe the ETH to someone who had never heard of the institution?

[00:14:02] **Daniel Naeff:** Maybe the MIT of Europe.

[00:14:04] **Susan Kish:** MIT of Europe. Okay, that would be a good elevator pitch. Thank you so much. This has been a wonderful conversation. I'm going to close with some standard questions. What are you curious about today? What are you learning about today?

[00:14:18] **Daniel Naeff:** I think at the moment, I'm most curious about these rapid developments in artificial intelligence and the broader space as well, what it affects, whether it's the space that impacts new businesses, whether it's new insights on governmental side, but also on changes on the geopolitical landscape. I'm very curious, but also fascinated and I have a huge respect of these potential changes. I think it's really, it's going to be an interesting balance. We have to strike between leveraging really the positive aspects. But also getting hold and understanding as well of the risks that come with it, because there will be a lot of changes, but I think that is something that in a very first step makes me curious, not only to understand it on a smaller level, whether it's the different individuals, but also on a slightly larger level for individual companies.

And then in the next step for one country, such as Switzerland, because there will be a lot that possibly can be gained or lost. So the changes I believe can be significant and of course, in the last step, then as well on a global perspective, but maybe from a, if you think of the different levels is what I'm, yeah, what kind of keeps me as all busy on thinking how to influence that or how to support that in a positive way.

[00:15:35] **Susan Kish:** Very interesting. Another question: what are the books that you're reading? What are stacked up on that book stand next to your bed?

[00:15:43] **Daniel Naeff:** Oh, it's, there's a huge stack. I have to also admit I'm, I start a lot of books, so I'm a notorious starter of many books, but I don't finish many.

[00:15:55] **Susan Kish:** Me too. Totally get it. So how about newsletters or podcasts?

[00:16:00] **Daniel Naeff:** Um, of course we are ETH, but the hard fork is another podcast that I think is

[00:16:07] **Susan Kish:** Hard fork?

[00:16:09] **Daniel Naeff:** Yes. Yeah. It's, I think partially as well from New York times.

[00:16:13] **Susan Kish:** Yeah, it is. It's around their emerging technologies

[00:16:17] **Daniel Naeff:** Yes, so I think that gives you some insight as well on what's happening a bit on the latest. I think that is probably even better than just picking a

book because it gets you a little bit better understanding of the different challenges that happen in the AI space.

[00:16:31] **Susan Kish:** Daniel, thank you so much. What a great conversation I'm

[00:16:34] **Daniel Naeff:** Thank you as well. Thank you very much.

[00:16:37] **Susan Kish:** I'm Susan Kish host of the We Are ETH Podcast series, telling the stories of the alumni and friends of the ETH Zurich, the Swiss Federal Institute of Technology. ETH regularly ranks amongst the top universities in the world with cutting edge research, science, and people.

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And most importantly, to thank you, our listeners for joining us today.