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Bret Taylor's AI startup Sierra raises funding at \$4.5 billion valuation

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KEY POINTS

Sierra, the startup founded by ex-Salesforce co-CEO Bret Taylor and former Google executive Clay Bavor, has raised a funding round that values the company at \$4.5 billion.

The \$175 million round was led by Greenoaks Capital, with participation from ICONIQ and Josh Kushner's Thrive Capital.

One in every three venture dollars this year has gone to an artificial intelligence startup, according to CB Insights.





Bret Taylor, co-CEO of Salesforce, speaks at the Viva Technology Conference in Paris on June 15, 2022.

Nathan Laine | Bloomberg | Getty Images

Artificial intelligence startup Sierra, co-founded by ex-[Salesforce](#) co-CEO Bret Taylor, is more than quadrupling its valuation to \$4.5 billion in a fresh funding round.

The San Francisco-based company, which was valued at \$1 billion in January, raised \$175 million in a funding round led by Greenoaks Capital. [The Information](#) reported earlier this month that Sierra was in the midst of raising capital.

Taylor is chairman of OpenAI's board and previously ran Salesforce, alongside Marc Benioff. He was also chairman of Twitter when [Elon Musk](#) was negotiating to buy the social media company. Taylor is a longtime entrepreneur, widely credited with helping to create Google Maps. At [Google](#), he met his Sierra co-founder Clay Bavor, who spent nearly two decades at the tech giant, leading virtual reality efforts and Google Labs.

Sierra is focused on helping enterprises like home security company [ADT](#), [Sonos](#), Weight Watchers and Casper personalize and implement AI agents for customer service. Taylor and Bavor unveiled the startup earlier this year.

“We think every company in the world, whether it’s a technology company or a 150-year-old



expanding internationally and to other industries.”

ICONIQ and Josh Kushner's Thrive Capital contributed to the new funding round.

Taylor describes Sierra as “conversational AI,” and bristles at the word “chatbot,” even banning the phrase in the company's downtown San Francisco office. Sierra is looking to create a more conversational style of interaction, Taylor said. He pointed to the ease of OpenAI's ChatGPT and compared it to the frustrating experience of talking on the phone with an airline bot.

“When you think of chatbots, you think of those annoying, robotic things — you can feel the difference,” Taylor said, adding that Sierra is making their agents more “empathetic and conversational.”



VIDEO 07:26

Sierra co-founder Bret Taylor on AI agent startup: We want to make our customers successful

Sierra's team lets each client customize the agent's personality to its corporate brand. Clothing company Chubbies, for example, took a more sarcastic route with a younger sounding agent named Duncan Smothers. Taylor said some luxury brands are opting for a British accent with a more serious tone.

“We really think that your conversational AI agent should be not only transactional, but a brand



do you want it to sound like a lawyer?”

Sierra uses what Bavor and Taylor describe as a “constellation” of models, with a “supervisor.” The technology uses one model to do the heavy lifting, with the expectation that it won’t be 100% reliable, but use a second model as a backup, to “check” the others and help with accuracy. The company currently relies on large language models from OpenAI, Anthropic and [Meta](#) , among others.

There’s competition in the space. Taylor’s former company, Salesforce, as well as [Microsoft](#) , in partnership with OpenAI, are exploring the AI agent space. Taylor compared Sierra to the companies that built cloud software on top of [Amazon](#) Web Services and other cloud infrastructure.

“In the cloud era, you had [Shopify](#) , Salesforce, [ServiceNow](#) and [Adobe](#) — I think the same thing will play out in AI with Sierra,” Taylor said. “We’re helping their branded customer facing agent.”

He mentioned startups like Cursor, which makes coding agents, and Harvey, which makes legal agents.

Sierra’s funding follows a flurry of major AI announcements in Silicon Valley. OpenAI raised billions of dollars at a \$157 billion valuation. Perplexity is in the midst of raising a round that values the company at \$9 billion, a source [confirmed](#) to CNBC. One in three venture dollars this year has gone to an AI startup, according to CB Insights.

“When a technology wave like this happens, I think a lot of people are trying to place their bets,” Taylor said. “I don’t know which company will win, but it’s a smart investment, categorically. Clearly customer experience and customer service is a huge opportunity, and I think we are the leader in this space, and seeing a lot of demands because of that.”

WATCH: [Anthropic adds new feature that gives its models new abilities](#)

