

The Reddit Co-Founders Faced a Transformative Rejection in College – Here's How They Bounced Back to Start a \$6.5 Billion Business

Reddit grew for nearly two decades before going public in March at around a \$6.5 billion valuation. Though the social media forum site now boasts 91 million daily active users, its success was not a certainty. In fact, Reddit's co-founders were rejected by startup accelerator Y Combinator at the start of their entrepreneurial journey.

"So, Alexis [Ohanian], my co-founder, college roommate at the time, he and I applied to Y Combinator," Reddit CEO Steve Huffman told LinkedIn co-founder Reid Hoffman on Thursday. Their initial idea was to create a way to order food from cell phones – which wasn't the norm in 2005.

Y Combinator rejected the idea but asked Ohanian and Huffman, who were 22 and 21 years old at the time, to work on something else. They came up with Reddit, which Y Combinator funded with a \$12,000 check.

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The idea for Reddit came about from two websites: Delicious and Slashdot. Delicious was a website that let users store and share bookmarks; Yahoo acquired it in 2007. Slashdot.org still exists as a social news site covering science and tech news; Reddit's co-founders were drawn to the community it had but wanted to expand beyond tech.

Reddit "was kind of a Delicious plus Slashdot, but make both

of them better,” Huffman said. “Honestly, I think that’s pretty much what we built. But for 19 years, we’ve been iterating on this and tweaking it, and kind of following our users and adding features.”

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For example, Huffman pointed out that Reddit’s “most important feature,” or the power it gives users to create their own communities, was introduced three years after launch.

Reddit CEO Steve Huffman. Photo by Spencer Platt/Getty Images

Since going public, Reddit has posted earnings that beat expectations for two consecutive quarters. The company inked

AI licensing deals with Google and OpenAI earlier this year, allowing Google's Gemini AI and OpenAI's ChatGPT to use Reddit posts in their training data.

Huffman said there is "a tremendous amount of opportunity" with AI.

"I'm very proud that Reddit has played a role in the development of these technologies," he said.

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