Zaltzman is chair of the finance department in the San Francisco and Menlo Park offices of Latham & Watkins LLP, a firm at the forefront of the booming Northern California technology scene. Specifically, he has developed a thriving national practice focused on debt financing to help high-growth technology startups and companies utilizing AI become major players. Zaltzman views the intersection of the intellectual property and artificial intelligence sectors as a fertile place of possibility, and profit.

“AI and machine learning has been a really hot sector, and my practice — just as the investors and the companies have developed over the years — has learned, developed and grown to understand and do a lot of debt financings and debt loans for these companies,” Zaltzman said.

Some of the companies Zaltzman has helped secure financing through various debt instruments include Upstart Inc., a San Carlos consumer lending platform that is the first to leverage AI technology to find better-suited loans and match them to customers, and ThreatConnect Inc., which takes a mathematical machine learning algorithm to develop a security product that assesses threats and counter cyber-attacks.

“These are some of the most cutting edge, what we call ‘deep technology’ companies layering in AI,” Zaltzman observed. “[It makes] everything run faster and more efficient, so there’s less human contact, less friction.”

“AI and machine learning is an extremely sexy buzzword, but it can be a double-edged sword in some ways. It shows that you have real deep science behind what you’re doing, that there’s a layer that will potentially make your product better,” he continued. “That obviously is extremely attractive to investors and lenders because you’re likely to do better in the market if you have that edge. But in order to have the edge, you have to make sure you know what you’re talking about, that the core technology is really strong, and it doesn’t have any gaps.”

“Investors who are investing in this area are ones who tend to be very proficient in knowing what to look for in the AI and look at results,” he concluded.

In the last five to eight years, Zaltzman has seen this area of his practice — and the industry itself — take off and transform in a rapid-fire way.

“There was a small wave that started forming with the AI companies, and we saw that wave forming,” he said. “We started surfing that wave and it became huge. It’s an exciting, burgeoning area.”

Zaltzman said Latham & Watkins is in a particularly advantageous spot when it comes to helping AI companies come up.

“Our experience pool over the years of doing these ‘deals’ has led to an important checklist of knowledge of AI companies that gives us an edge in terms of understanding the legal issues,” he said. “Particularly in debt financing, but broadly in antitrust, in litigation.”

In terms of future trends for the sector, Zaltzman is optimistic about continued and accelerated growth.

“I think layering in an AI/machine learning element is something that every tech business is likely looking at in a serious way once it reaches a certain mass,” Zaltzman said. “From my perspective, and I know from Latham’s, as a law firm, it’s cool to be part of that process.”

— Dan Heching