

SILICON VALLEY: IT'S ALL ABOUT MONEY

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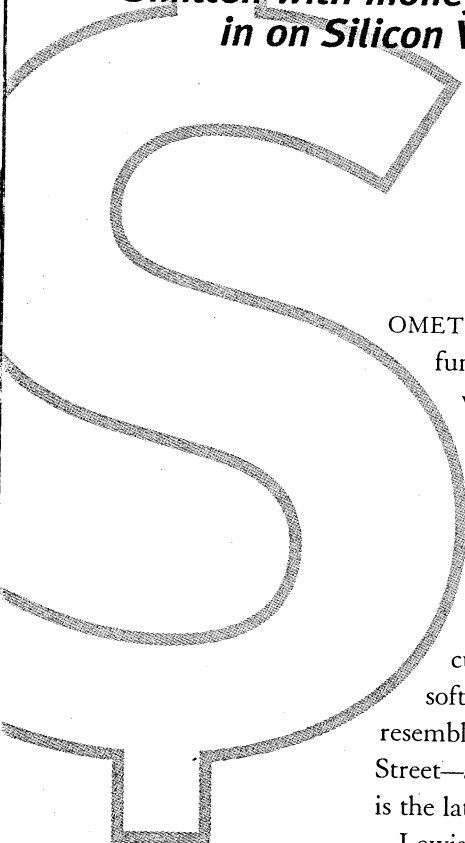


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THE SILICON SEDUCTION

Smitten with money and celebrity, a new generation of writers are moving in on Silicon Valley. And their books could make a grown man blush.

BY Paulina Borsook



OMETIME IN 1995, MICHAEL LEWIS, WHO WROTE *LIAR'S POKER*, THE SEMINAL funny-smart nonfiction book on Wall Street in the '80s, heard from a friend he used to work with at Salomon Brothers—who had since moved from New York to California—that Silicon Valley was the next hot thing in the money world. Earnings out West were putting '80s Wall Street to shame. So the East Coast media star made his way to Northern California to investigate. What resulted is *The New, New Thing*, coming this October.

When I spoke to Lewis, he said a very smart thing: With technology he could get buffaloes, but money culture he understands. And his book will be on the money culture of the Valley, because once he got here he realized that money, not the latest software, was the new story to be told. He saw, in other words, that Silicon Valley, resembling nothing so much as arbitrage-infested, currency-swapping nutso-craze Wall Street—a place consumed by the art of the deal rather than the creation of new technology—is the latest chapter in the perennial American romance with success.

Lewis is only the most high profile of the writers drawn to the new, new Silicon Valley, and his is only one of many books on the subject. Po Bronson, author of *Bombardiers*, the funny-smart novel of '80s high-flyer financial bogosity inspired by his employment at First Boston, is currently a Bay Area media darling for writing a mostly adoring collection of vignettes about Silicon Valley called *The Nudist on the Late Shift*. With chapter titles like "The IPO," "The Entrepreneur," and "The Salespeople," it's primarily a book on how money flows—or doesn't flow—through the Valley.

Bronson listed 19 important stories you won't hear about the Valley in a recent *San Francisco Bay Guardian* article, but, in keeping with the money culture, they were mainly about the covert and unknowable aspects of deal making. What isn't mentioned is the costs to life, health, character, sense of proportion, values, perspective, family, community, environment, and, yes, economy—what happens to all the technical guys who by age 40 haven't lucked

ILLUSTRATIONS BY
Gomez Bueno

out? Which is as much a reflection on how Silicon Valley culture operates as any tunnel vision on Bronson's part.

Bronson understands as well as Lewis that tech culture is being overlaid with money culture. Silicon Valley, a place that was once the domain of engineers and product creation—where books that explained emerging technology weren't expected to create a lot of hoopla and land on the best-seller list—is more and more about marketing and speculation. The money now goes to investors who can cash in and out rather than to inventors of germinal technologies; a company may never make a profit or ship a product, but there's real money to be made in the IPO or acquisition. In 1996, \$1.7 billion in venture capital was invested in Silicon Valley firms. In just the first six months of 1999, the number was \$4 billion (representing 35 percent of the national figure). In the last five years, sales at Silicon Valley's largest companies have doubled and profits have increased almost fivefold. To buy a house in Woodside in 1994, you would have paid on average \$774,472. Now you'd pay \$1,753,793. It's no surprise that writers are focusing on the money being made. Tales of impossible fortune told for the sake of feeding readers' fantasies—business porn—were the popular genre of the '80s; now these money-teaching stories are the Silicon Valley entries in the

But with books on Silicon Valley, as with all books, fear is in play as much as laziness or greed: Mainstream publishing is in turmoil, with book buying down, online content up, and corporate owners demanding a return on investment never really possible. All of which feeds into a consuming worry about not "getting it." So, without quite understanding Silicon Valley, editors are churning out material that they pray will fit America's new West Coast obsession.

And writers are there to produce. Even Kurt Andersen has made one of the two protagonists in his first novel, *Turn of the Century*, the head of a software start-up. As cofounder of *Spy* and former editor-in-chief of *New York*, Andersen is professionally as far from the West Coast as anyone in America: But high tech is now generating enough money that it's even been embraced by the Manhattan smart set.

Often overlooked is the fact that as late as the mid-'90s, getting books on Silicon Valley published was tough. The thinking then was, *Who cares what a bunch of socially inept geeks are up to?* Or, as one editor said, "The contribution to the GNP by Detroit automakers is far larger than that of high tech. We don't publish many books on the culture of *Detroit*, so why should we care about the culture of Northern California?"

True, a few books on vaguely computer-related topics became best-sellers in the dark ages. (There

HIGH TECH IS GENERATING ENOUGH MONEY THAT IT'S EVEN BEEN EMBRACED BY THE MANHATTAN SMART SET.

ledger that accounts for the general fascination with finance, growing since the age of Ivan Boesky.

What's more, there's a kind of reflected sheen associated with these books for the writer—and, by extension, the reader: the sense that if I follow these rich, successful entrepreneurs closely enough, some of their glory will rub off. Writers on technology strive to become Venerable Bedes, official chroniclers close to the numinous of their own era. (After all, where there is fortune, there are always carpetbaggers.) Which explains the spectacle of John Heilemann, formerly of the *Economist*, *Wired*, and *Hotwired*, writing about Silicon Valley for the *New Yorker* with a breathlessness that at least shows that the PR people charged with giving him entrée are doing a fine job. *His* book, whatever it turns out to be, should be out in 2000.

But then, the business of America is business. And publishers are eager to participate so long as there appears to be a market for these books, even if many offer as much insight as the sort of thing that used to be handed out at picnics celebrating a company's 25th anniversary—and as much lasting satisfaction as a Harlequin romance.

Why So Many? Why Now?

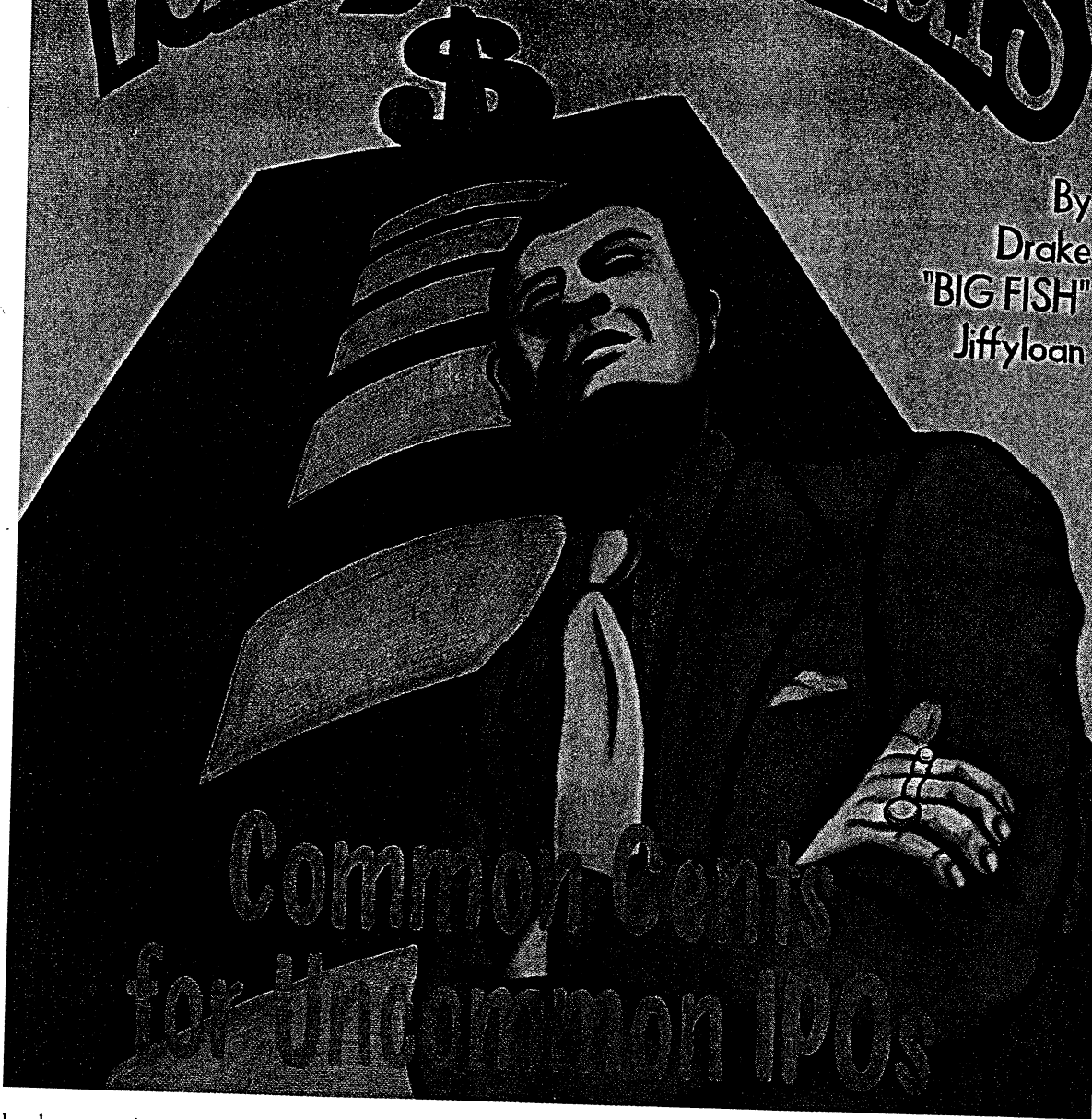
You could blame the usual faddishness of big, bad New York publishing: A mystery about a female private investigator takes off, so suddenly there are a dozen copycat thrillers with tough-gal protagonists. The theory is that if you crank out enough titles in the same momentarily hot genre, at least a few will succeed.

was *The Cuckoo's Egg*, a true-life detective story about a hacker breaking into Lawrence Livermore National Laboratory computers, and *Being Digital*, Nicholas Negroponte's happy-futurist pontifications on everything.) But generally, it took editors in New York knowing—or wanting to know—someone involved with a dotcom start-up to be convinced that there were stories to be told about what was going on in area codes 415, 408, and 650. Then, of course, seeing the success of the tech-heavy NASDAQ has perhaps provided the most persuasive reason of all to get involved, especially at a time when so many people have stock portfolios. All in all, lots of folks in Manhattan would seem to have a stake in the newfangled moneymaking going on out West.

And it shows. In just over a year we've had *aol.com: How Steve Case Beat Bill Gates, Nailed the Netheads, and Made Millions in the War for the Web*; *Speeding the Net: The Inside Story of Netscape and How It Challenged Microsoft*; *Silicon Sky: How One Small Start-up Went Over the Top to Beat the Big Boys into Satellite Heaven*; *How the Web Was Won: Microsoft from Windows to the Web*; and *Netscape Time: The Making of the Billion-Dollar Start-Up That Took On Microsoft*. And some have performed well; *aol.com* has appeared on best-seller lists, as has *The Nudist on the Late Shift*. *How the Web Was Won* put over 30,000 copies in circulation and went into its second printing within a month of its release—volume significant enough to suggest that the market can't be reduced to a single demographic. But no matter how many

Valley of Dollars

By
Drake
"BIG FISH"
Jiffyloan



Common Sense
for the Common IPOs

books are written and how many are printed, the stories are always told the same way: By hearing how some just-like-you-and-me-only-slightly-larger-than-life guys got rich, readers are given, at least at the level of fantasy, a spell book with which to conjure their own fortunes. People experience a dreamy wish fulfillment when they read about the celebrity-millionaire Steve Jobses of the world—much as they do by reading about the doings of handsome rakes and beautiful princesses. At the same time, they feel they're doing sound comparison shopping: Which stocks should I invest in? Do I like the sound of this CEO? Which explains the kind of customer book reviews you see on Amazon.com. They tend to take the form of "This book on e-drycleaning will rock your world, challenge received opinion, change the fate of nations, and what's more, the author of this

book/founder of e-drycleaning sounds so remarkable I intend to invest in his company."

There's something odd about this apparent obsession with business case histories. In times past, only people who attended business or law school bothered with such minutiae because that was how they learned their trade. But the truth is, even they probably wouldn't find much use in the latest round of general-interest reading: It's doubtful the conditions that fomented a happy outcome in one high-tech scenario—a serendipitous coming together of market window, technology tweak, and probably venture capital and public-relations attention—could be duplicated in another.

But this is a decade in which documentation (i.e., technical writing) has become confused with literature (i.e., general nonfiction); many readers have become indifferent to the distinction between what

should appear in a Web site FAQ and what should appear in a magazine essay. If the current thinking is that what the public wants is news-you-can-use, why wouldn't people want to buy user manuals for the new American Dream?

What that doesn't quite explain, though, is the sheer volume being produced. (Once you have one user manual, why do you need ten more?) Perhaps the best way to understand these books and their numberless spawn is to think of them as genre fiction: bodice rippers, or their male equivalent, "men's fiction." Whether it's emotion porn, action-thriller porn, or business porn, readers have an insatiable appetite for endless repetition of their favorite narratives: "To lead our global operations," Jim Clark tells us in his autobiography, *Netscape Time*, "I'd hired Todd Rulon-Miller as vice president in charge of international sales; Todd had previously worked as the sales executive with Next, the company Steve Jobs would sell to Apple. Todd then hired Didier Benchimol to head up European sales, and each was putting together a network of agents the CIA might envy.... When we recruited Lorna Bender from PeopleSoft... Rulon-Miller told her he wanted ninety distributors signed up in ninety days.... I was feeling great by this time. Most real entrepreneurs are restless by nature.... They're not satisfied with the way things are, and

WHETHER IT'S EMOTION PORN, ACTION-THRILLER PORN, OR BUSINESS PORN, READERS HAVE AN INSATIABLE APPETITE FOR ENDLESS REPETITION.

their imaginations usually race..."

Like porn, Silicon Valley spell books are heavy on statements of "I did this, then they did that" and "I said this, then they said that"; the language of power and who did what to whom and who has appeal courses throughout. And, like porn, they're light on character development and originality of plot—and largely devoid of insight.

The King James Bible

There's another thread that runs through many of these books: an Ayn Rand-like endorsement of the technology capitalist seer as hero. Much as all West-erns can be traced back to Owen Wister's novel *The Virginian*, the root document for these stories of technology-heroes-of-a-thousand-faces is *Odyssey: Pepsi to Apple, a Journey of Adventure, Ideas, and the Future*. Written by John Sculley and *Business Week* reporter John Byrne, it was the epic saga of the now-deposed leader of the coolest company in the free world. It was also the first high-tech hagiography I ever saw suits buying at airports.

There was something charismatic about Sculley that made Steve Jobs want to hire him away from Pepsi to head Apple. The Sculley persona, cultivated in corporate America, advertised to Silicon Valley that CEOs could have style and stature. Sculley was probably the first highly visible CEO to come from the image-conscious and marketing-heavy world of consumer goods—not a geek risen from the techno-

ranks—so his bearing, presentation, and lofty interest in society as a whole suggested worlds of glamour and consequence beyond the Silicon Valley horizon. In his dress and his demeanor, he was a style setter, much as Beau Brummell was in his day or Amelia Earhart in hers. Glamour is an underestimated driver in human affairs. Just as after the death of Alexander the Great, rulers throughout his former empire wanted to be deified as he had demanded to be, the cult of the CEO took hold in Silicon Valley after Sculley: Soon every executive decided that he, too, had a vision and important positions on, well, something, and a life that others should want to emulate.

Today, being seen as a thought leader is a crucial marketing advantage: It provides the perfect excuse to get a book published. By implication who you are and what you've wrought attain gravitas—and, presumably, people feel they should buy more of whatever it is you're flogging. They infer, by the mere existence of a book, that they would foolishly be left behind if they didn't buy your products, however buggy, counterintuitive, or unimaginative. So the expense of a ghostwriter can be written off against the marketing budget, and copies of the book can be handed out to prospects and customers as the best collateral imaginable. And publishers are happy to oblige, because they're guaranteed sales.

The business value of thought-leader status has led to such sillinesses as Bill Gates' two books, *The Road Ahead* and *Business@The Speed of Thought*, both no more than explications of Microsoft's market strategy at the time of publication, and Magdalena Yesil's *Creating the Virtual Store: Taking Your Website from Browsing to Buying*, essentially a technology back-grounder that explains why you should use Cyber-Cash, the e-commerce payment mechanism sold by the author's company. But not all these people, or the books about them, are wasteful of a reader's complex carbohydrates. Andy Grove, the grand old man of Intel, is an interesting character beyond the money he has made for himself, his company, and arguably millions of other people. On the other hand, you were far more likely to see people reading his best-selling *Only the Paranoid Survive* than the more nuanced *Inside Intel* by British journalist Tim Jackson, which as much guts as celebrates the myth of the meritocracy of high tech and the glories that await those who work in it. Grove's book ostensibly lets readers participate in the Andy Grove role-playing game; Jackson's book, in its evenhanded reporting on Grove's and Intel's beastlinesses and missteps as well as their good moves, might make readers at least pause before they leap to play-act Andy Grove.

The Problem with Technology

But there's an ontological paradox: If you know enough about high tech to be in the target market

for these books, you've probably read plenty about the personalities and companies in the *Wall Street Journal* or *Forbes* already. So why bother with a total clip job—even a well-written, knowing, witty one—like *Newsweek* senior writer David Kaplan's outsider portrait of Silicon Valley's top players, *The Silicon Boys and Their Valley of Dreams*? On the other hand, if you haven't been following high tech in business publications, chances are you aren't interested in the first place. With the possible exception of Bronson's *The Nudist on the Late Shift*—with prose lithe and lively enough to make it a good, superficial read—it's not clear why the ideal intelligent lay reader should care about these higher-order user manuals.

Because it's very hard to make technology—above and beyond the money it's earned some celebrity entrepreneur—accessible and interesting. It's the rare writer who can make it vivid, really explain how it matters and why. But stories about people, their greed and their exploits, are easier to give universal appeal. Tracy Kidder in his venerated *The Soul of a New Machine* succeeded in making technological challenges come alive—aided, alas, by his tendency to cast all actors and actions in a heroic, outsized haloed light. Companionate with Kidder's book is Steven Levy's *Hackers*, about the early computer culture at MIT. This book, published in 1984, put forth the then-alien notion that technology people could be worth writing about.

Of course, *Hackers*, far from being a formulary on

busy. Which is as it should be, on the right side of the Sierras.”

Nothing has changed that much: The underlying theme in all these Silicon Valley books is that California still counts most because it's where fortunes are to be had. But what of those who fail in the attempt to find fortune? Or, worse, are ruined in pursuit of it? Or simply want to lead a decent, rewarding life—and are flattened by the fortune-hunting culture that runs roughshod over them?

Jeff Goodell covers technology for *Rolling Stone* and wrote one of the three main books on notorious-beyond-the-seriousness-of-his-misdeeds hacker Kevin Mitnick. Goodell is the opposite of the East Coast carpetbagger: Despite longtime family roots in the Valley, he now lives in self-imposed exile in a 230-year-old house in upstate New York. One of Goodell's grandfathers was of the Valley's vanished agrarian-pastoral heritage: He came by covered wagon from Oregon and did landscaping for the likes of Dave Packard about the time Packard and his bud Bill Hewlett were mucking about in that famous Palo Alto garage. The other grandfather was of the work-first tribe, an engineer who, as soon as he emigrated, dumped his family to devote himself to the Polaris missile project in the '50s. The family was, from the very beginning of the Valley's relentless go-go-money-and-flux-at-all-costs culture, one of its victims. Goodell's parents divorced when his mother went to work at Apple in its earliest days, and his father and

THE HORATIO-ALGER-IN-MENLO-PARK EPICS JUST KEEP COMIN

how to get rich or a FAQ on launching an IPO, was about the proverbial bunch of socially uninteresting geeks. Whereas Silicon Valley today, no matter how yawningly it's written about, is ever so much more captivating, because it is ever less about technology and ever more about market share, mind share, strategic partnerships, and cashing out.

Calling the Spirit of Horace Greeley

Beyond serving as simple operating instructions, though, these tracts are embedded with an important cultural code: *Go West, young man* (and it always is a young man), because that's where freedom and fortune lie. The Bay Area's own beloved *Sunset* magazine was started at the turn of the last century by a similarly mighty mandate from Southern Pacific Railroad—the Internet/e-commerce of its time—to travel and settle out West. For the gold rush of mining had ended, to be replaced by the gold rush of agribusiness and trade.

In *Sunset*'s November 1899 issue, you could read, “One need not be of the relations of a prophet's wife to foresee something of the future....Never in the history of California...has the movement of men or goods been greater than now....[N]ot many tomorrows will have become yesterdays until it is an empire in wealth...So clear-headed men have shown me; faith is proved by works; in oil wells...in mines and in manufactures, in cities and country...they are

siblings were broken by the ruthlessness of the culture that began to overtake Silicon Valley at the beginning of the personal-computer wave.

And so the book Goodell has been working on for several years, due out in the spring of 2000, may very well be an antidote to Silicon Valley business porn. It's a rare attempt to question the cost of what Silicon Valley has wrought, told from the perspective of an insider whose deep access is not to VCs or getrichkwik.com young hopefuls but to the destructive strains to which Valley culture subjects people. What's entirely absent are the success stories and the incantations of the money-culture books.

But no matter how many people read Goodell's book, the Horatio-Alger-in-Menlo-Park epics will just keep coming. I've heard tell of *High Noon: The Inside Story of Scott McNealy and the Rise of Sun Microsystems* (not to be confused with *Sunburst: The Ascent of Sun Microsystems*), several books on Open Source Software, and one on the latter half of the life of Steve Jobs—remember, he's only in his mid-40s.

It's important to the self-concepts of both the media and high tech that enterprises appear to succeed by merit, even if which people and ventures prosper is really always a gamble. The master narratives of business porn and the wishful wisdom they so eagerly push step around the fact that business is a game won by luck as much as by talent. And history is written by the victors. ❧