

Star Gazer Tony Perkins – Founder of the AlwaysOn Network

Tony Perkins has been an influential technology journalist and publisher for more than a decade. He co-founded Upside and Red Herring magazines in the early '90s; he founded the social/professional-networking AlwaysOn Network in June 2002. He is now preparing to publish a print version of AlwaysOn. Tony co-wrote *The Internet Bubble: Inside the Overvalued World of High-Tech Stocks*.

[start box] “I think there are two significant changes that I’ve seen that are unique to this particular era in technology. First and foremost we now truly live in a globalized world, a global business environment. And the best way to illustrate that is to say that is with Red Herring my international subscriber base never got above 15 to 18 percent, and at Always On it’s close to 50 percent.

So clearly the way I describe it is that the word Silicon Valley to me no longer describes a geographical location, it describes a business mentality. That business mentality exists all over the planet. I think that has ramifications in all areas. I would say from my standpoint with my entrepreneur’s hat on, I think on day 1 when you start a company you need to look out across the planet to create your relationships. Where the old rules were until you got to \$100 million in revenue you were mainly focused on just building products in America and selling them to Americans.

For instance, in my new startup Going On, my development team is in India, and they are on one hand former Microsoft programmers who live for several years in Redman, but they’re now in India and they are really good programmers. I’m able to build a product for a fraction of the price in terms of communication, we’re all on instant messaging with them. So all night we’re instant messaging these guys and I feel very, very little difference working with them as if they were down the street.

So that’s pretty amazing, other than obviously the time difference. But I’m building a platform for about 25 percent of the cost. So I think first and foremost, entrepreneurs need to look at the world as their playground, both in finding resources in terms of creating strategic relationships and that’s the new reality.

The second thing that I think is significantly different is that the consumer is now leading in innovation. In the old days, when I was at Silicon Valley Bank, technology was very expensive, and so it’s really only the corporate world that could really afford technology in any significant way. A lot of the innovation was driven by business and in the enterprise. A lot of convergence of things happened in the last five years.

First and foremost, Moore’s Law marched on, and you had very powerful, very inexpensive technology that was affordable to the consumer. The second thing is that as a result of the bubble, a lot of corporations stopped innovating, which is why I think there’s such a ripe M&A market right now. I basically believe that corporations stopped innovating for about four years and now they woke up and they go, “We’ve got to grow again,” but they have nothing internally, so they’re out buying companies to make up for their lack of investments and new innovations during that post-bubble era.

So the consumer, because they couldn’t get the new technology - their new Mac or their new Trio approved on their expense budget, they went out and bought it anyway. A lot of people including myself, had Wi-Fi in the house long before you had Wi-Fi in the office. That is a complete reversal.

Technology is finally getting to the point where it’s actually fun and easy to use and all that good stuff. A subplot, which is a major subplot to this whole consumer thing is when I was a kid they - down right where my office is in Portola Valley, right at that coffee shop – they had this home group computers club where basically in the early 70’s guys like Steve Jobs and Steve Wozniak, would get together, and they were basically hobbyists. A lot of them were like Ham operators and they would be building from scratch these personal computers, and if you look at our economic history, I think we can say that for the last 25 years the PC generation has driven the economy. And that was a 25-year mission to put a computer on every desktop.

Steve Jobs and Bill Gates are kind of the old men now and what I’ve seen for the first time in my career of generational change to now what I would call the instant messaging generation is now front and center.

What that means is that now that we’re all hooked to the internet the two biggest trends are finding and actually meeting new people on the internet. If you look at it statistically, the instant messaging generation meets 30 percent of their new friends on the internet. Now, as fathers we get nervous about that, but where they’re meeting them is chat rooms, or they’re being introduced in their instant messaging

environments by their other friends. So there's due diligence involved in that they're friends are their friends.

Then we're seeing the next evolution of that with the whole "My Space" business. For example, a 23 year old who works for me came on board and I said, hey, to understand what we do, I want you to join My Space. So he joined My Space, and within two weeks he had identified over 100 people that he grew up with that are on My Space. He's become extremely social with those people. And had it not been for My Space, he would have never known where these people were. He was amazed by the people from his high school he was able to reconnect with. He was just shocked. It has completely enhanced his life. Now he's on constantly - My Space is his home page.

The other element, which is the biggest trend on the web right now is sharing your posting and sharing information. Basically it all started with posting photographs, an old photo to show grandma how the kids are looking or whatever, which is a beautiful thing. But now you have 20 million blogs and you have these social networks where you're basically posting information on yourself and sharing that information, showing people who your friends are.

Well, I would say that we're in a period which is being fashionably referred to as by Web 2.0, and we live in an environment where there's a lot of venture capital money and a lot of information-sharing tools and applications and features out there. The cautionary point would be that a lot of these companies are one feature companies.

You're seeing a population of a lot of one-feature companies, but within that world there will be breakaway companies, like My Space, as an example, which just figured it out just right and become huge. Skype would be another example, which is sitting on top of where consumer behavior is going, but they're doing it in a way that brings several different strategies together to make them successful. It's a very fertile time to be an entrepreneur.

The Web 3.0 era will be about data mining and artificial intelligence and stuff like that are really gonna come to the forefront. So basically in the next ten years you're ability to access information - but more importantly understand where those ideas and information are coming from quickly, so that you can move resources and people around initiatives and make things happen.

I got in a great conversation with Paul Otellini, the CEO of Intel. He has an internal blog and it's pretty funny - he has 100,000 employees and he gets 1,000 comments per week. What he's saying is that he's learning, he's creating relationships within his base of 100,000 employees that he would have never been able to do, and being able to identify really smart people. He says in the future, what you're gonna do is say, okay, I'm the CEO of the company, my job is to pick initiatives and to lead my company. Okay, but then my ideal world I also have another six ideas that I really like, but I can't make it an enterprise right now.

So what he sees is a world where you'll be communicating the six initiatives so that everybody knows where the company is going. At the same time you'll be putting out the other six and developing communities within those employee ranks around those ideas and then being able to mobilize new initiatives more quickly and know where his resources are within the company.

Let me make a basic observation here. There were several social networks that were created. Sequoia Capital and Kleiner Perkins fought like hell over Friendster. Kleiner won and they put in the big Hollywood executive, and basically the site, because it was missing something, ended up being over run by Malaysians. By definition it became essentially irrelevant for anybody that wasn't Malaysian.

Google launched its own social network called Orkit, and you can go there now and see that it was quickly overrun by Brazilians. About 78 percent, the last time I looked, were from Brazil. So you never hear about Google's social network because it basically was a misfire. My Space comes along and what they figured out is they needed to get the guys down in Hollywood, and they got into the music sharing, but really the garage shop band music sharing business. So you went out and you thought you have a great band, so you started uploading your audio files and then you were able to create fan clubs. When you look at My Space, you have this very, very well-balanced user-base with a median age of 21, which is in the media world is an extremely lucrative opportunity. And that's why Rupert paid \$585 million for it.

The lesson to me is that what's powerful is taking social networks and combining them with content because then what you'll do is create real communities which gather around content of common interest."[end box]