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The Silicon Valley We Don't Want to Have

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Abstract

This article is a review of Antonio Garc a Mart nez's book, *Chaos Monkeys: Inside the Silicon Valley Money Machine*, published in 2016, which tells the story of the author's time in Silicon Valley. An area of major interest is his time at Facebook, where he helped develop an online advertising exchange. The book is a warts-and-all account that describes many undesirable aspects of 'Silicon Valley culture'. While the book is overly self-indulgent, it could valuably be read by policy makers interested in start-ups and business culture.

Introduction

With the continuing rise of the FAANG (Facebook, Apple, Amazon, Netflix, Google), we hear a lot these days about developing the digital economy. Much of the talk is about instilling a 'Silicon Valley culture' in Australian business. The Prime Minister wants us to be 'innovative and agile'. Most of the talk is overwhelmingly positive.

But perhaps you've seen *Four Corners* have a go at Facebook (Greste *et al.*, 2017 ^[5]), or you've tut-tutted about Uber after its founding CEO was forced to resign (ABC, 2017 ^[6]), or perhaps you've been shocked by revelations of sexual harassment in 'Silicon Valley' by the *New York Times* (Benner, 2017 ^[7]), and you may be wondering just how deep into the 'culture' all this bad stuff goes. This book, *Chaos Monkeys* (García Martínez, 2016 ^[8]), by 'Silicon Valley insider', Antonio García Martínez, may help you to understand. And the conclusion: it goes very deep – root-and-branch deep – and we should be cautious about what parts of 'Silicon Valley culture' we really want in Australia.

Living the Life

In this book, Mr García presents himself as a self-centred, greedy, sexist, vaguely racist operator, who will lie to and cheat his closest colleagues, and generally exploit anyone who comes into his orbit. In his view, this personality perfectly matches most of the people with whom he has dealings. He does encounter some people who seem to be motivated by something other than money, but they are just grist for the exploitation mill.

He begins his story with a brief account of his experiences at Goldman Sachs in New York, after an unhappy (and relatively impoverished) period as a graduate student in California. He describes some appalling behaviour in the workplace that is encouraged, or at least not discouraged, by the management. At Goldman Sachs, he has some useful skills as a 'quant' (a quantitative analyst) but that will only carry him so far and he will always be just a small cog in a big wheel. So, he decides to jump ship to 'Silicon Valley' when the opportunity arises.

Mr García was recruited by Adchemy, a start-up company developing software for digital marketing campaigns. Although he finds that he despises almost everyone there, especially the founder and CEO, Murthy Nukala, Mr García is introduced to the world of online advertising and gains knowledge that will later stand him in good stead. Adchemy, it turns out, had recruited a strong team: it was later acquired by Walmart (Perez, 2014 ^[9]) for its talent (not including Mr Nukala).

Now, Mr García is not a large company man. His attitude is summed up in the following quote:

I would always prefer – being subject to the rigors of the market, the fickleness of luck, and the whims of users than to navigate the popularity-contest politics of a large company, surrounded by the mediocre duffers who've succeeded in life through nothing more than guile and appearances. (García Martínez, 2016 ^[8]; pp. 30-31)

In short, Mr Garc?a wished to be in the start-up game, and so he entered it with two colleagues from Adchemy, playing somewhat loosely with Adchemy?s resources and intellectual property, and with the luck of being accepted by ?Y Combinator?, a successful incubator of start-ups. He details the machinations involved in creating, supporting and eventually ?selling? his company, a three-person start-up. By this stage, the reader will not be surprised that honesty, integrity and transparency do not figure often in this story. Mr Garc?a?s attitude wavers between admiring his own performance and noting the lack of an ethical basis. This account, however, which takes up about 40% of the book, is quite instructive about the start-up ?culture? and is well worth reading by anyone contemplating such a move. It could also be of interest to any company regulator who might seek to tame this new Wild West.

The ?selling? of the company is especially instructive. It is acquired by Twitter but Mr Garc?a, in a move that undercuts his colleagues, sells himself separately to Facebook. He makes the case that he did not do well, or did not do as well as he should have, out of this deal, but it certainly displayed a depleted level of trustworthiness.

Mr Garc?a?s time at Facebook, which is described in the second half of the book, has been a selling point, because he was there at an important time, when Facebook was preparing for its IPO, and he was in the heart of the money-making part, the online advertising. He tells an interesting story. Of course, it was not going to end well, given Mr Garc?a?s attitude to large companies quoted above (but, to be fair, he may not have developed his dislike before he went to Facebook). He survived two years, from April 2011 to April 2013. Then he was fired, mostly, it seems, for not being a team player.

You may want to read this book to find out how Facebook organises itself. In many ways, it is quite impressive: Mr Garc?a reports several instances when the company could move quickly to concentrate resources on a project; and it appears to react positively to ideas percolating up from the workers. Mr Garc?a, of course, dislikes all the meetings associated with his job as a product manager, but he develops a grudging (and somewhat surprising) respect for Sheryl Sandberg, the chief operating officer of Facebook, and her ability to manage in a complex, technical environment.

You may also want to read this book to find out how online advertising works to produce such rivers of gold for Facebook and Google. In this, Mr Garc?a is quite instructive. He worked on an open advertising exchange, to permit potential advertisers to bid in real time for Facebook advertising space, so he knows all the details and writes about them clearly. He also describes what user privacy means in this context: no direct identity information is revealed but a lot of potentially defining characteristics can be mined for value. You may be left wondering if it is at all satisfactory.

It?s Not Just Sexism

All this is set firmly in the context of ?Silicon Valley culture? and the murky underpinnings of this ?culture? are well on show. Let us start with sexism. Mr Garc?a?s contempt for ?most women? is telling:

Most women in the Bay Area are soft and weak, cosseted and na?ve despite their claims of worldliness, and generally full of shit. They have their self-regarding entitlement feminism, and ceaselessly vaunt their independence, but the reality is, come the epidemic plague or foreign invasion, they?d become precisely the sort of useless baggage you?d trade for a box of shotgun shells or a jerry can of diesel. (Garc?a Mart?nez, 2016 ^[8]; p. 57).

His sexism runs quite deep and extends to most of the professional women around him (with the notable exception of Ms Sandberg). He is also a binge drinker and a dangerous driver. He thinks of himself as more streetwise than most ordinary folk. None of these attributes will likely endear him to the reader.

While we now hear about sexist attitudes in 'Silicon Valley', it is not just sexism that is the problem. Mr Garc a could also be accused of racism. At least, although he comes into contact with several Indian or Indian-American managers, he seems to find none of them competent in their positions. He rightly points out parallels between the US visa system and the slave trade, but he exhibits little sympathy for those caught up in it. This is all despite his recognition that his own Cuban-American background restricts his own opportunities.

But perhaps the worst of it is the business 'culture' around funding and operating start-up companies that Mr Garc a describes. It involves misrepresentation, if not downright lying, cheating one's colleagues and potential business partners, and generally carrying on in ways that would cause great distress in a more regulated business environment. It is significant that the review of the book in the *Australian Financial Review* (Shapiro, 2016^[10]) praises Mr Garc a as having 'the smarts and the hustle to thrive at the centre of the new economy' and notes the 'fantastic and colourful insights into the greed and politics at play', while only mildly condemning the surrounding environment as 'making us feel a little less envious' of 'the centre of the universe'. It is to be hoped that this 'start-up culture' has not now become so normalised that it passes without comment.

In using this book to condemn 'Silicon Valley culture', one must ask just how much of an insider Mr Garc a really was. He certainly worked in a start-up and founded one himself, he worked for Facebook and negotiated with other businesses that are household names, and he exercised his 'smarts' and 'hustle' in Palo Alto, Menlo Park and surrounds. In all that, he was a consummate insider. But he shows little comprehension of any motivation other than greed, he has little compassion for foreign workers trapped in an alien environment, and he is contemptuous of those who attempt to build a traditional career. In all those ways, he is sitting outside and observing his fellow participants in the 'culture'. Perhaps there are redeeming features in the behaviour of others that he does not see.

Conclusion

Antonio Garc a Mart nez writes well and has done us all a service by describing the real 'Silicon Valley' as he sees it. He has an intelligent eye for an illuminating historical parallel, so he can paint a well-rounded picture for the attentive reader.

There are lessons to be learnt from this story and it would be good if it were widely read by policy makers and those in a position to influence business culture. It is to be earnestly hoped that these US 'start-up culture' practices are not adopted holus-bolus in Australia in our zeal to emulate our American cousins. Getting the balance right between free-ranging entrepreneurialism and business regulation will need to be finely judged.

At the same time, Mr Garc a is self-absorbed and there are regular self-indulgent passages in the book. The reader may well be put off by some of Mr Garc a's wilder excesses. The story would have benefitted from a stronger editor to tighten the focus. Nevertheless, it is a rollicking read and a compelling insight into an interesting time for our technology industries.

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Comments

The Silicon Valley we don't want to have ^[23]

Peter Gerrand

- 09/10/2017 at 15:29

A great review, Leith: very informative, as well as entertaining.

Further lack of regulation ^[24]

Leith Campbell

- 19/03/2018 at 10:27

AT&T's Annual Report for 2017 contains the following, blatantly political comment on the 'open' internet. Clearly, AT&T wants no regulation, like 'Silicon Valley'. Is this sensible?

AT&T and its strategic positioning must be assessed first through the lens of what transpired in the general U.S. business environment in 2017. It's been a long time since we have seen a shift in public policy that was more positive for growth in investment, jobs and wages.

It began with a broad, sweeping rationalization of the regulatory burden on U.S. businesses, particularly in our industry. The most notable example came last December when the FCC reversed its 2015 decision to impose a set of archaic, 1930s-era regulations ? rules created for the rotary-dial telephone ? on how the internet works.

The new FCC order returns internet service to the light-touch regulation that had been in place until 2015. We now have the same regulatory approach that enabled the U.S. technology sector in Silicon Valley to lead the world in innovation as the internet flourished, thanks to massive investments in mobile and fiber-based broadband infrastructure. Indeed, AT&T invested more than \$200 billion in capital in our U.S. networks over the past 10 years. Returning the industry to that same light-touch regulation will help ensure continued investment in new, significantly higher-speed network technologies ? such as 5G ? that will help the United States to remain the global leader in advanced connectivity and digital innovation.

The internet has become a very important element within our society, changing the way we all live, work and conduct commerce. Therefore, another change in the rules is understandably confusing and concerning. This is why we believe it's time for Congress to end the debate once and for all by writing new laws that govern the internet and protect consumers.

Until that is accomplished, I want to make clear what you can expect from AT&T. We are committed to an open internet. We don't block websites. We don't censor online content. And we don't throttle, discriminate, or degrade network performance based on the content. Period.



We have publicly committed to these principles for more than 10 years, and we will continue to abide by them. But the commitment of one company is not enough. We need Congressional action to establish an 'Internet Bill of Rights' that applies to all internet companies and guarantees neutrality, transparency, openness, nondiscrimination and privacy protection for all internet users.

We intend to work with Congress, other internet companies and consumer groups to push for this legislation that will permanently protect the open internet for all users and encourage continued investment for the next generation of internet innovation.

On "Further lack of regulation" ^[25]

Frank den Hartog

- 23/04/2018 at 10:19

AT&T's comment may be sensible. There is a middle way between regulation and no regulation, which is self-regulation. In its comment, AT&T hints at this solution, basically saying: "If Congress doesn't regulate us, we are happy to make firm promises regarding how we deliver Internet connectivity." In cases where regulatory freedom does not work, self-regulation could be a good alternative. It is cheaper, more flexible, better informed, and better supported by stakeholders than anything that comes from government.

It is therefore that the EU government (i.e. the European Commission, or EC) increasingly tries to facilitate self-regulation instead of top-down regulation. A good example is their mechanism of Codes of Conduct (CoCs), which are voluntary policy instruments largely written (and signed) by the stakeholders themselves. There is a series of Codes on Conduct on ICT energy efficiency (see <https://ec.europa.eu/jrc/en/energy-efficiency/products/coc> ^[26]), and many of them are successful. Of course it helps that the EC threatens with "real regulation" if the stakeholders do NOT agree on or comply with satisfactory CoCs.

But, admittedly, the success of self-regulation is heavily depending on corporate culture within the sector and the market. Yes, there must be an independent watch dog which has some level of policing and enforcement authority, but this will only go that far. In the end, self-regulation relies on the existence of some level of mutual trust between the stakeholders. Which is why the EC has not been successful in having net neutrality self-regulated. Also, the level of trust that the stakeholders have in AT&T may still be too low for making self-regulation successful.

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