

The Social Radars

S4: Ron Conway, Founder, SV Angel (Part 2)

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Jessica: I'm Jessica Livingston, and Carolynn Levy and I are the Social Radars. In this podcast, we talk to some of the most successful founders in Silicon Valley about how they did it. Carolynn and I have been working together to help thousands of startups at Y Combinator for almost 20 years. Come be a fly on the wall as we talk to founders and learn their true stories.

So Carolynn, today we are back with Ron Conway for the second installment of our podcast. Welcome Ron.

Carolynn: Welcome Ron.

Ron: Great to be here.

Jessica: Our first podcast came out in season three, and now we're going to pick up where we left off. But first, Ron, Carolynn and I got to see you over the summer at the Y Combinator alumni retreat. That was awesome.

Ron: Yes, and it was just a few weeks ago. We had just come back from Europe, so I was a little bit jet-lagged. But being around a couple of hundred founders when you're just coming off of jet lag can give you a lot of energy. Being around these founders for two days, I had multiple founder epiphanies and it reminded me why I love founders so much, being around so many of them. Keep in mind because SV Angel is an investor in so many YC companies, over half of these founders are good friends of mine, all in one place at one time. It reminded me why I love founders because they share where technology is going. Just being immersed with them for a few days reminded me why I respect them so much and why SV Angel, since the early days, became fearless advocates for Founders.

That's kind of our mantra is we're advocates for founders. As we go through these podcasts, I'm going to be giving examples of where we were advocates for founders. Just one comes to mind out of the blue at the Kara Swisher Code Conference, and this was early, early Facebook days, very far away from being called Meta. But she interviewed Mark on stage and he had worn a coat that was probably too heavy to wear to a conference in San Diego. But he started sweating profusely and it's a pretty famous incident. If you look it up, you'll see lots of posts about this incident.

Jessica: Zuck's wedding.

Ron: Yeah, Zuck's wedding, and her not doing anything about it like, take your coat off or whatever, or you're uncomfortable, let's take a break. She was browbeating them about something and it was not generous to a founder. I walked backstage after that and I

cornered Kara and Mark and let her know what I thought. I basically asked her, "Have you started a company? Do you know what it's like, how hard it is?" That's just one example of how much we respect founders and why we're advocates for them.

Jessica: Can I ask, was she apologetic?

Carolynn: I was just going to ask the same thing.

Ron: No, no.

Carolynn: Oh, wow.

Ron: No, no, no. This turned into a thing and there were no apologies.

Carolynn: Was Mark appreciative?

Ron: Yes, I happen to know Mark was appreciative. He hugged me after this-

Carolynn: Sweaty hug.

Ron: ... What we would call an interchange that was quite heated with four-letter words, etc.

Jessica: Well, I hope, you should talk about examples. I just know within the YC community you've helped so many founders, and there's tons of stories of where you've stepped in and changed the course of things for them. So give as many examples as you want.

Ron: Oh, I will. At the retreat, seeing all these founders, I got reminded of where we were advocates for them. When we talk about their companies, I'm going to bring up where SV Angel are advocates for founders. It's the only time we usually get into trouble with investors or other people who are being unfair to founders. Because I was a founder myself, I know how hard it is. So if I see a founder being abused in any fashion, SV Angel has stepped in and stopped it and we stopped it pretty quickly.

Jessica: You do not avoid conflict and that's a great thing about you.

Ron: Yeah, we kind of run into conflict. If it's a true conflict, otherwise we'd like life to be peaceful. But when we see a conflict, we're not afraid.

Jessica: Right. You're not intimidated to go up to someone and say, "This is wrong."

Ron: Yes, that is so true. If you put something on my tombstone, maybe at the very bottom of it, just put fearless, because people are so worried about what other people think. If I have conviction about something, I do become fearless. I don't care who the person is and the higher stature you have in the community, people become afraid of you and therefore they won't tell you what they think. For me, the higher the stature, I can't wait to go get in their face because I know nobody else gets in their face. If they've done something abusive to a founder, I'm going to be right in their face.

The other epiphany that I had talking to all these old friends at YC Alumni Reunion was all the relationships that I have built with these founders. Relationships matter and I have a lot of relationships because I love people. I love talking to people, I love advocating for people. Therefore I have a lot of friends and a lot of them happen to be in that one place.

But the value of these relationships and then using the power of connection to connect them to others on relevant issues that they have, that is important. It reminded me of how Silicon Valley got started. Silicon Valley got started just with the semiconductor industry. It was a single industry. Everyone was semiconductors, and then software companies started to pop up and computer hardware companies, Apple is a great example.

Where did Steve Jobs have to go to hire people when he started Apple? He only had to go to semiconductor companies because he was one of the first hardware companies in the valley. So he went and hired Mike Scott to be the first president of Apple out of National Semiconductor. That was the talent pool. So interesting. Then he needed a VP of marketing. He went and hired Floyd Kwame, the VP of Marketing of National Semiconductor. Then he needed a chairman and a lead investor, and that was Mike Marcola who worked at Intel.

So developing relationships in each of these industries, in the semiconductor industry and in the hardware industry, which is where my startup was, along with Apple, Altos Computer, and then the internet industry, all these industries spawned the next generation of executives. One of the benefits of being older is I know the executives from each of these generations of industry. When there's a young founder who needs to get hold of one of those other executives from one of the other generations, I can instantly connect them.

I had so many epiphanies that weekend. But relationships, how relationships matter and the genesis of relationships in technology, going from the semiconductor industry, to the hardware industry, to the software industry, the internet, and now AI, all of these generations have to interchange with each other.

Jessica: We're going to try to track those through our conversations going forward. There's a lot of overlap and connections that you've made, and we touched on this in the last podcast where you said it all goes back to the semiconductor industry. You were there.

Ron: That was ground zero. But all those relationships and the semiconductor executives migrating to the other industries is the beauty of Silicon Valley and how it was able to grow and adapt to these new industries.

Carolynn: Yeah, I never went to a different geography. That could have happened too, but it didn't.

Ron: The other epiphany I had was there were founders at the reunion who have started multiple companies. It reminded me of SV Angel, we invest in Founders for Life. So Shawn Fanning, which is not a YC company, but it makes me harken back to Napster and

Shawn Fanning and what he went through starting that company that was in the spotlight for so long. He has started four companies after Napster. We've invested in every single one of them, including the one that he's working on in New York right now. So it's exciting to see these founders because we do invest for life, so we're all going to grow old together.

Jessica: I love it.

Carolynn: That's a great sentiment. Gosh, how old is Shawn Fanning now?

Ron: He's probably in his forties. It's a good question, but a wise person, humble and very, very shy and reserved. All founders are different, but it doesn't mean that they can't be successful.

Jessica: That's one thing I love about founders. They are different in their own ways and that's the exciting thing about choosing who's going to be the successful ones. I, too, loved seeing all the founders at the retreat. It was so magical to have some of the most successful YC alumni all in one place for a weekend.

Ron: Just the setting and the curriculum. I forget what we call the curriculum where the discussions are spontaneous-

Jessica: Unconference.

Carolynn: Unconference, yes.

Ron: The Unconference format. I have never been to an Unconference format and it was fascinating. I participated in one.

Jessica: You did a great one.

Ron: With Gary Tan talking about civic engagement.

Jessica: Civic engagement though makes it sound like Ron's talk was boring. Ron's talk was on fire.

Carolynn: Yeah.

Jessica: You could have gone on for two hours.

Carolynn: Not boring.

Ron: Making the government move is not easy, but you can make it move if you set your mind to it. The other epiphany I had walking around the venue was, wow, this is what Sun Valley Allen & Conference wants to be. It is nothing but young energetic founders who are at the tip of the sword in innovation and so exciting to be around. This is-

Jessica: Compliment.

Carolynn: This is a compliment.

Jessica: Having never been to an Allen & Company conference myself, I've heard a lot about them.

Ron: I've been so I can compare.

Jessica: So it was good then, ours?

Carolynn: More interesting.

Ron: It was amazing.

Jessica: That's great. So Ron, at the end of the last podcast, we were alluding to the beginning of your angel investing career and you talked about how you funded a very early AI company.

Ron: Yes. Funny enough, I took a sabbatical from Altos about halfway through. I didn't realize that it was a sabbatical because I ended up going back, but at the time I actually left Altos Computer. I retired from the company in about the 1984 timeframe. The reason that I retired is I have three sons, Ronnie, Danny, Tofer. Ronnie and Danny, because I was building my startup, Altos Computer, I never saw them because I was the head of marketing. Marketing is really sales, you got to come up with the numbers. So I traveled incessantly, basically left on the plane Sunday and came back Friday night.

So I did not see Ronnie and Danny grow up. When Tofer was born, I said, "I'm going to see this one grow up. The only way I'm going to see this one grow up is if I get off the treadmill and leave my job." We were financially comfortable at the time. So I left my job, had very rowdy goodbye parties. From the time Tofer was born, I would get up and walk him at night. Tofer was prone to bronchitis, which means I walked him for even longer amounts of time and I enjoyed every minute of it.

Jessica: You mean holding him, walking?

Ron: Holding him and walking them? Yeah, yeah, yeah. So I enjoyed that, but that didn't take all of my time. So I ended up dabbling in what is now called Angel Investing.

Jessica: Was it called anything back then?

Ron: It really wasn't. It was just chipping in some money into a company that was just starting that was usually a friend of yours. So there was the VP of marketing of Altos. I eventually became the CEO of Altos. So my VP of marketing, Bob Bozeman, joined a company called Natural Language Incorporated in Berkeley in 1984 that was literally an AI company. They wanted to do what we're successfully doing today, which is the computer is understanding natural language. The company was way ahead of its time, but I got super

immersed in this company. I was fascinated at the possibility that a computer could understand natural language.

Jessica: Like 40 years ahead of its time.

Ron: Way ahead of its time. But the AI industry, even back then, had trade shows that a couple of thousand people went to. I would go to these trade shows. More geeks per square capita than you can possibly imagine.

Carolynn: I was just going to say, how many geeks were there?

Ron: Because it was all research. There was nobody monetizing. So this company, like all AI companies at the time, struggled, but the technology kept getting better, but not ready for commercialization yet. It's only recently that these companies have really been able to commercialize. So we had a dilemma. So we needed it, but we wanted to keep developing.

So we wanted to sell the company. The biggest prospect for that was Microsoft. Because of my relationship with Bill Gates and Microsoft, since Altos was a big customer, I had access, and keep in mind back then Microsoft was a couple of hundred people. John Shirley had just become the president of the company.

So we went up there and we struck a deal, and of course we were running out of money. So I wanted that deal to happen that day. After we came to the terms, I said to Bill, "Now I don't want to leave until we get a signature." He goes, "Hey, I can't do that. Can we call our new general counsel, Bill Newcomb?" The new general counsel came down and Bill said, "For whatever reason, Ron wants to sign this right now." Once again, being advocates for founders, the company was about to go under and run out of money and we needed to transition very quickly to the Microsoft payroll. So Bill Newcomb came down and we got a signature that day on a little term sheet.

Jessica: I cannot believe this. Like Carolynn, you're a lawyer, can you believe they agreed on the spot to sign something?

Carolynn: No, I was just thinking that must've really stressed the lawyer out because he's probably, Bill was probably-

Jessica: It took a few hours.

Carolynn: He was probably thinking, "I need to draft it, I need to review it a bunch of times."

Ron: It took a few hours. It was just a one-pager.

Carolynn: It was an LOI.

Ron: It was enough.

Carolynn: Yeah, exactly. To give you comfort.

Ron: It was an LOI to put us back on the airplane and we knew that we had a home. But little did I know 35, 40 years later that this technology would be what's driving the next wave of innovation. My very first angel investment was an AI company. It's like Back to the Future or something.

Jessica: Yeah, I'm stunned. Frankly.

Carolynn: It's astonishing how long ago that was.

Ron: What's cool is some of the engineers are still at Microsoft.

Jessica: No way.

Ron: Microsoft is a nurturing place for developers and innovation.

Jessica: That's amazing. Okay. So you had taken a sabbatical, you were spending more time with your kids and helping to raise Tofer, dabbling in the Angel investments.

Ron: I was coaching Little League.

Carolynn: He's basically retired. He retired.

Ron: I was coaching Little League, so I was walking Tofer at night, coaching Little League during the day, T-ball, and I know nothing about it. So that was quite embarrassing. Hopefully Danny and Ronnie didn't notice that I didn't know what the hell I was doing. But that was more time with the family.

Carolynn: So you were Angel investing, but did you imagine, "Okay, at some point, I'm going to go back to X," like what did you imagine your next step was going to be?

Ron: I was enjoying the dabbling and I was dabbling more. I got pretty involved with each company. Like NLI, I was in Berkeley once a week, so I wasn't doing a lot of investments. Very different from what we do now. But I was going deep on just a few companies.

Then I got this call from Dave Jackson, the founder of Altos, who said, "Hey, things aren't going great, can you come back?" I said, "Well, how about if you give me the same offer I had when I came in 2% of the company with a higher salary and I'll come back?" But with full autonomy. That's when I discovered that Altos, that we were complacent, we weren't disrupting ourselves and we had to sell the company to Acer.

Carolynn: How many years, when you came back after retirement, how long did you stay there?

Ron: Probably about three years of running the company. Then I stayed a few years after the acquisition for the transition.

Jessica: So then at this time also you were involved, we talked about, in the Band of Angels.

Ron: Yes.

Jessica: The group of investors. That kept you going. Then tell us about how you got into full-time Angel Investing. What was that transition?

Ron: After we sold Altos to Acer, I had kept up my friendship with Don Valentine the whole time. As you recall, Don Valentine was the only VC in Altos Computer. It was one of the first investments of Sequoia Capital. Don Valentine founded Sequoia Capital after he left National Semiconductor.

So at Altos, our main VC, he and I were alumni of National Semiconductor. We did not overlap a lot at National. So I mainly met Don by him being a board member at Altos. But he and I clicked right away. Even though, if you know Don Valentine, he will put you in your place. He is quite gruff, but what you see is what you get. He tells it like it is, and that kind of fits my style. He and I always hit it off.

In fact, his daughter, Hillary, he kind of went around to all the Sequoia portfolio companies and I think he was looking for the best cultural match. He said, "Hey Ron, I think Hillary belongs at Altos Computer in the marketing department." I said, "Oh, okay." So we were pals. We'd go out to dinner and enjoy each other.

So after Altos sold, he said, "Hey, so what are you going to do?" I said, "Don, I have to confess, I don't like managing people." Because Altos at the end had like 1,000 people. I was the CEO. I discovered in this process, I don't enjoy managing people, I don't enjoy the HR function. When you're a manager, a lot of it is the HR function. He said, "Wow. So if you don't want to manage people, you should probably take a look at what I do because I just go and help founders. So why don't you come to some board meetings with me and watch how I mentor founders?"

I saw some of this when he was at Altos. He would be mentoring us, but he said, "Come to some board meetings and watch how I mentor other founders at other companies. Because if you become this thing called an Angel Investor full time," and that was the decision process I was going through, "You're going to have to feel good about mentoring founders, because that's where you add the most value. I started going to board meetings with Don Valentine, watching him take his notes in green ink. He only used green ink. He was as Irish as Irish can be. And I immediately fell in love with, wow, I can invest in companies and mentor the founders. I went through a lot of ups and downs at Altos. I have enough domain experience that I know I'm probably not going to give a founder bad advice, and that's when I said, "Hey, my new full-time career is going to be angel investing."

Jessica: Can I just take a moment to say shadowing the founder of Sequoia at board meetings, not many people get that kind of opportunity.

Carolynn: Was Sequoia a big deal back then?

Ron: Sequoia was already a big deal back then. Don Valentine, already a big deal back then. And Don didn't have to do anything. Don was very generous with his time, taking me to the board meetings, critiquing, and just helping me. When I became an angel investor, Sequoia was the first firm that we did most of our collaborating with because of my legacy relationship with Don Valentine. SV Angel, in the early days, was very tied at the hip with Sequoia. I'm sure other VCs said, "How did that happen?" Well, now they know. I grew up with Don Valentine, and so we always have had a close relationship with Don.

At the end of his life, he was beset with congestive heart failure, and he made a decision not to continue with a lot of medical treatment, so his family knew that he had a finite amount of time left. And so they called up friends of Don's, and I assume he was involved in picking who these friends were, but I got a call from Hilary saying, "Will you come down and have," she explained what was going on, "Will you come down and have lunch with Don?" And I said, "Of course. I'm honored to have lunch with Don." But as I was driving into the driveway knowing this is the last time I'm going to see Don Valentine, I was petrified. Probably one of the most nervous I've been in my whole life is that I'm going to go see Don for the last time.

Now, Don, being smart, funny, affable as he is, for each of these friends, I'm sure he knew that, in the driveway, we were saying, "Oh, my God, how's this going to be?" I walk in the door, and I have no idea what I was wearing, and he had some amount of dementia as well. I was also worried about that, how sharp Don is going to be, and I hope his family does not mind me disclosing this, and apologies if they do, but I'm hoping not. But he looks at me and starts making fun of my shirt, whatever shirt I was wearing, he started saying, "Who would wear such an ugly shirt?" And then he named people, other people, only that person would wear a shirt that ugly, and within seconds, we're both laughing our heads off.

Carolynn: Aw.

Ron: Then I sat down and we just started reminiscing, laughing, telling stories. Then we went and had lunch with Rachel and Hilary. We had a lunch together with a little group of us, and at the lunch, just more fun and laughs. But we would start talking about people, and I'd mentioned somebody and Don would say, "Oh, my God, I'd love to see him too." And so there were a few other friends of Don that I quickly called that day and I said, "Don wants to see you, and whatever you do, don't be nervous about it. You're going to have a ball." And he saw about five more people that we talked about that day. But the other funny thing that happened that day is he talked a lot about Tom Brady.

Jessica: The football player.

Ron: The football player. And even though you would think Don would be a San Francisco 49er fan, for whatever reason, he wasn't, he ... Tom Brady fan. Hilary walked out to the car with me and I said, "He talked about Tom Brady a lot," and he was wearing a Tom Brady T-shirt. I said to Hilary, "Hey, I'm assuming he's met Tom Brady". Don Valentine, the founder of Sequoia, can meet anybody he wants. She goes, "No, he's never met Tom Brady." And I said, "Hey, he doesn't have much time, but we're going to get a video with Tom Brady." I call Tim Armstrong, who we're going to talk about when we talk about

Google, who is a good friend of Tom Brady, because Tim Armstrong was born in Boston. Tim Armstrong calls Tom Brady within a day. This is why human nature is so nice. Most people want to be kind.

I had a video of Tom Brady talking to Don Valentine within 24 hours that I sent to Hilary that Don literally couldn't believe. That video did so much for him.

Jessica: That's amazing.

Ron: Hats off to Tom Brady, who didn't know any of the details, but, "Hey, no, I got to do this," and he did it immediately.

Carolynn: He's a local kid, by the way. He's from San Mateo, but-

Ron: You're right. You're right.

Carolynn: Yeah. He went to high school, I think, and played football in San Mateo.

Ron: Exactly.

Carolynn: That's a great story. I have a somewhat different question, which is did you and Don ever talk about you coming to work at Sequoia versus you doing your own thing?

Ron: No.

Carolynn: Really?

Ron: No, it was never in the cards. It's so funny you ask because it never came up. I think he knew that I was a solo practitioner, so to speak, and that I wanted to mentor the founders at the very, very beginning, literally before they get to the venture capital stage, because for the VCs, they do have to have some meat on the bones, and there usually is friends and family and angels who invest first. And my immediate instinct was I want to be at the very beginning, and he knew that, so it was never even brought up.

Carolynn: That makes sense.

Jessica: Yeah. That's how I felt too.

Carolynn: Yeah, obviously.

Jessica: Beginning phases, there's something magical that happens.

Ron: Yeah. You want to make an impact in the very, very beginning and then watch them make progress based on the advice you give for that first two years. And after about two years, then the company usually is ready for their venture capital round. That's when they go to KP, Sequoia, which, back then, those were the biggies, and then Benchmark

and Excel was in the mix. But we're talking four or five VCs, not 1,000 like there are today.

Jessica: That was one of my questions. Way back then, who were the big players? There were only four or five that you mentioned.

Ron: Oh, just a handful, just a handful.

Jessica: Wow.

Ron: And then you had Bill Draper at Sutter Hill, but Bill Draper, even before Sutter Hill, I credit him with inventing angel investing, in my opinion. And there's other people I can think of, but Bill Draper really stands out. The cool thing about Bill Draper is his son, Tim Draper, got in the business and literally all of Tim's family is in the investing business, and all of the Conway family are in the investing business together.

Jessica: That's right.

Ron: We all love founders. We're all founder junkies.

Carolynn: Do we have any idea who coined the word angel for an investor that early? You would be the person I would ask that of.

Ron: Funny enough, I don't, but now I'm curious enough I'm writing it down. The Band of Angels was early on and they had the name Angel, so sometime before that is where people came up with the notion that you're an angel. Oh, I know where it came about, Hollywood.

Jessica: The theater.

Ron: Yes.

Carolynn: Wait, tell.

Ron: Back in the day, people who funded theater productions were called angels.

Jessica: Oh, that makes sense.

Carolynn: Yeah. But I don't know anything more that.

Ron: No, no, no, it just became natural for people who invested in tech startups to be called the same thing. Good. I don't have to look that up.

Jessica: Okay. You get more formal about things, what happens?

Ron: Yeah. Yeah, I was already dabbling away, and I had a very good friend, Ben Rosen, who was the star technology analyst at Morgan Stanley. When Altos Computer went public,

he was one of the analysts that wrote a research report about Altos. And in writing the first research report on Altos, he became good friends of myself and Dave Jackson. We would go out and drink together and party together, have fun, but also always talk about the technology industry, where was it going? He was as inquisitive as ever.

He had a great career at Morgan Stanley, and then he went and became a venture capitalist himself. He started Sevin Rosen venture partners, L.J. Sevin was his partner, and Sevin Rosen partners was a very successful VC firm. We'll talk about this more, but the VC industry is like the movie industry. It's a hits-driven business, and it didn't take long for me to figure this out, but it is so true. Once you have a hit in a fund, that hit will pay for all the companies that fail and the companies that don't do great. It's a hits-driven business, and Sevin Rosen partners were the original investors in Compaq and Lotus 1-2-3.

Jessica: Wow. Not too shabby.

Carolynn: And he was on the board of Compaq, I think.

Ron: Yeah, yeah, and he was on the board. He was the chairman of Compaq for many, many years. But Ben decided to throttle back venture investing, and Ben and L.J. both retired together. The firm continued, just like Sequoia continued after Don Valentine, but L.J. And Ben left the firm. Ben decided he just wanted to dabble in angel investing at the early, early stages, and I said, "Well, Ben, funny enough, that's exactly what I want to do." And I said, "This is very cool. You can curate deal flow on the East Coast and I will curate deal flow on the West Coast," and we immediately formed that bond together and started investing away.

And I want to digress for a minute because I knew, going into angel investing, that I'm not a geek. I'm a political science major, but I wanted to be, and was, a technology investor. I had to have a partner who knew technology, and Ben knew technology, and then I had other instincts, more about the EQ, about the founders themselves, et cetera. We were a great team. But one thing that I've done that I kept up with is I always stayed close to whoever the industry analysts were, because they are so knowledgeable and it's where you can pick up a lot of knowledge very, very quickly.

Jessica: Yeah. You and Ben decide to invest together. You're doing West Coast. He's doing East Coast. What happened next?

Ron: Ben and I started trading deal flow together, and it didn't take long that we ran into enough deals that we said, "Hey, let's take a timeout and let's be more strategic about this, because if we look at every deal that comes across, we're just going to get snowed under and it's not going to be interesting. Let's spend some time and think about focusing on one sector so we can weed out 80% of the deals we're looking at and focus on something that we think is the most interesting." Because, keep in mind, both of us had net worth. We just wanted to do something interesting and meet really interesting founders that we could mentor and help.

After a lot of discussion, I said to Ben, "Hey, there's this thing called the internet." At Altos, the engineers used to always talk to me about this thing called the internet, and they didn't even call it the internet. At that time, they called it the TCP/IP protocol, and they used this TCP/IP protocol to communicate with each other, but way back then, it was completely embryonic. But the engineers, who I was close friends with, would come to my office at 7:00 at night, and crazy as it is, they would say, "Hey, Ron, is there some way we can morph this thing into this internet? Because it's so much more interesting than building computers?" And I would tell them, "Are you crazy? We're all making a living off these computers," and they would say, "But no, no, this thing ..."

The engineer's name that was the most articulate, his name was Colin Goble, and he was a Brit, like Dave Jackson, and he would say, "No, you don't get it. This is going to be the next explosion." But he would always use communication as the hook. He goes, "Do you realize I don't have to run downstairs and I don't have to use the phone? It pops up on their screen and we all just keep working. It makes us more efficient. This technology is going to be revolutionary." Yeah, you're out of your mind. But fast-forward, when Ben and I are having this discussion, what are we going to focus on, we both said, "Hey, this internet thing is at its infancy. It's going to be binary. It's going to either be monstrous or it's going to go nowhere, but it will be really interesting." With that, we decided we would only look at internet software companies.

Carolynn: That's pretty narrow.

Ron: We didn't want to get into the laying of wire or things like that.

Carolynn: That's a pretty narrow thing to focus on, especially when it was so nascent.

Ron: Yes.

Jessica: You realized the power of the network because you knew about the power of local area networks from Altos.

Ron: There was a buzz starting to occur. It was a small buzz, like the AI buzz two and a half years ago, a rumbling, but nobody could really figure it out yet. With AI, ChatGPT was the trigger. With the internet, it was Netscape, which we'll talk about. But Ben and I decided we're only going to look at internet software startups. For two years, we saw about 50 companies because there were so few startups on the internet.

Jessica: Can you remember what any of those companies were doing? I'm curious what startups looked like back then.

Carolynn: Yeah. Me too.

Jessica: What were they doing before Netscape?

Ron: A lot of it was just very, very geeky.

Carolynn: In those 50 companies, were the founders mostly from academia or were they from engineers at companies like Altos or places like that? Where did you find the founders?

Ron: Oh, most of them were engineers.

Jessica: In a way, you were indulging yourselves, you and Ben, saying, "We only want to invest in really interesting stuff. That's why we're going to be so narrow."

Ron: And it has to be internet software, which we knew, at the time, was just a really, really interesting area.

Jessica: Damn, you picked right, Ron.

Carolynn: Yeah. Well, and you said you saw 50 companies in two years. How many of those did you actually invest in though?

Ron: We invested in only a few of them. The one that really, really stood out was Ask Jeeves, which we'll talk about later. But what was so fun about Ask Jeeves is ... keep in mind, Ben's on the East Coast, for Ask Jeeves. He thought L.J. Sevin could add value. And so, once a month, instead of having a board meeting, we would go to Ask Jeeves together. Ben and L.J. Each had their own private plane. I would pick them up at the private air terminal at 8:00 on the day we were going to have a meeting at Ask Jeeves, and I would drive them. I was the youngster in the car, because I was probably in my mid to late forties. And we would drive up to Ask Jeeves and sit with the management team and just move that company forward, brute force, because we knew that the internet needed search. It also needed a browser, and Netscape is what really caused the explosion.

And we're going to spend a lot of time on Netscape. But I wanted to digress for a minute because domain expertise was important for me in angel investing, but domain expertise is also important for any founder to know whatever sector that they're going to get into for their startup. They've got to have domain expertise. But Ben and I, on the internet, there were new investment banks coming around that did very good internet research. If you look at Hambrecht & Quist, founded by Bill Hambrecht, Bill knew that this internet thing was going to be huge and the next wave of innovation. And he went out and brought in some young, really smart folks like Dan Case, who became the CEO of Hambrecht & Quist, and Dan brought in more smart people, like Neil Weintraut and Danny Rimer. Danny Rimer went on to start his own VC firm, and so did Neil Weintraut, but these were research analysts who we stayed very close to.

We would show them deal flow, and they would show us deal flow, but it helped all of us get domain expertise. At Robertson Stephens, I paired up with Sandy Robertson. At Goldman Sachs, we teamed up with Michael Parekh, and at Morgan Stanley, we teamed up with Bob Lesko. We spent a lot of time gaining our domain expertise, and that's why I always encourage founders, when you start a company, go get that domain expertise.

The other thing that I did early on is I went to every industry conference, and for the internet, in the early, early days, Esther Dyson had the Agenda conference. That's where

you go and network and educate yourself, meet new founders. Stew Alsop had the DEMO conference. John Battelle and Tim O'Reilly had the Web 2.0 Conference. Out of that, came Kara Swisher and the Code Conference. The publications had their own conferences, like the Red Herring. And I would also stay very close to the people who were the most influential in media on the internet. In the early days, like the Red Herring.

I became very close to Tony Perkins. We went to the same high school together, and Chris Alden, which gave us a leg up because the Red Herring was always interested in what companies Ron was investing in, and they worked their way into the editorial pages of the magazine, same with The Industry Standard, Adam Lashinsky, and Fortune Magazine. There were some tricks of the trade to being a good investor that, to me, were not intuitive. Get close to the research analysts and trade deal flow with them. Get close to the media folks who were writing about the industry, because they're very knowledgeable about it too.

Jessica: Did you say they were not intuitive?

Ron: Well, I think a lot of other investors' instinct is to wait for the deals to come to them. I never waited for the deals to come to me, I wanted to go find out where the deals were getting hatched, and the industry analysts knew a lot of that. So did the people in the media, because the founders go because they want their company to be written about. Well, a good person in the media like Michael Arrington and Heather Harden at the time, they could spot a good startup too.

Jessica: Of TechCrunch. Yeah.

Carolynn: Yeah.

Ron: Of TechCrunch.

Carolynn: I can see why this wasn't intuitive. You had a huge network at the time. You had all these friends, like Jessica said, tons of relationships, but this was so new. That's not how you were going to get the pipeline. And also, there were no incubators or accelerators at the time.

Ron: No.

Carolynn: So, you had to forge your own path in terms of how you were going to get deal flow, and I think it's super interesting that I think going to research analysts... I mean, maybe that's obvious, but it doesn't seem obvious to me. I think that's really, really interesting.

Ron: Yeah, it was poking around trial and error. But once I started meeting with the research analysts, it was like, "Wow. Well, what about this company? What about this company?" And we each knew different companies, or we were able to say, "Oh, that one's going places." And then, for sure, we would focus on getting an allocation in that company, so

it was a very organic way of starting a deal flow network in an industry that did not exist. There was nothing else.

Carolynn: And just to circle back, these were not your friends from your network who were starting these internet companies. These were total strangers, right? These were kids.

Ron: These were total strangers.

Carolynn: Kids you didn't know.

Ron: Yeah. So were these analysts. Esther Dyson however is another exception. She was also at Morgan Stanley, took a liking to Altos. She left Morgan Stanley to start the Agenda Conference. Her conference was the literally premier technology conference. Bill Gates would not miss that conference. Mitch Kapoor of Lotus 1-2-3 would not miss that conference. So, getting close to these conference leaders, so to speak, would give you access to deal flow. Esther Dyson still does not drive an automobile.

Carolynn: Really?

Ron: So in the heyday-

Jessica: New York City. Oh.

Ron: Yeah, New York. She's from New York City. That's where she lived. But when she came to California, I would pick up Esther at the airport. This is before Uber. Now, you had taxis, but Esther, why get in a taxi when I'll be at the curb and we can talk for an hour going to the restaurant. Esther Dyson still is a big deal. Back in these days, Esther Dyson was like Andrew Ross Sorkin at the New York Times.

She wrote a newsletter. So all the newsletter writers, so did Stewart Alsop, wrote a newsletter, had a trade conference. I got very, very close to these people, and I became good friends of theirs. So it was strategic, but we became really good friends. Esther Dyson watched my kids grow up. We would always go out to dinner with the kids screaming and yelling, but we talked about where we thought this thing called the internet was going.

Jessica: She was always the most famous female investor.

Ron: Oh, the first.

Jessica: Huge, yeah.

Ron: The first. These were not intuitive ways of immersing ourselves into the industry, that really helped us build a really solid foundation about being knowledgeable about the internet industry.

Carolynn: That is just so different from the way it would be today.

Ron: Yeah. What's amazing is that the internet changed all that.

Jessica: Right, yeah.

Ron: Back in those days, there was no social media, there was no email. The only way to trade ideas was in-person.

Jessica: In-person.

Ron: Even for me, that is hard to fathom. But unless you went to these industry conferences... Before email, there was a fax. But other than fax, the only way to trade ideas was in-person.

Jessica: That's my boy.

Ron: And that's why at the time, these conferences were so crucial, and each one of them would have two a year, so that makes about six to eight conferences that I had to go to. And I wanted to, because it's where you traded information and traded knowledge and communicated, and this was the birth of the industry.

Jessica: Ron, maybe this is now the right time to talk about Netscape.

Ron: Yes, because we're about 50 companies in, investing just in internet companies. But there's this overarching dilemma that you cannot put your finger on, but you know we're not going anywhere without it. And in hindsight, it's 2020, it's easy to see. But back then, it wasn't easy to see. We were grappling around saying... We weren't saying it, but the founders were saying it, "Hey, this internet thing is not going to be usable until people and users have a way to access all of this information." The amount of information in the world is unfathomable, and this thing called the internet was supposed to give you access to that information. But there was no friendly, practical way to access all this huge corpus of valuable information that was going to make people productive.

Along came a person named Jim Clark. Jim Clark had founded several companies in Silicon Valley, including Sun Microsystems. He was a co-founder there. And after Jim Clark retired, Jim Clark put his finger on this issue, how are people going to find a friendly way to access and interact with this information corpus. And he rooted around and found out that there was a group of engineers at the University of Illinois that were doing research on this and had this thing called a browser. And this thing called a browser was a user-friendly interface to access all the information on the internet.

Jim Clark flew to the University of Illinois and went and talked to the lead engineer, Marc Andreessen, and found out there were other engineers, probably four or five of them that were working on this project. He said to them, "Please come to Silicon Valley and start a company to commercialize the browser." John Doerr, Kleiner Perkins, and I... By then, Kleiner Perkins was arguably neck and neck with Sequoia. Kleiner Perkins and Sequoia. But Jim Clark was affiliated with Kleiner Perkins, "Why don't you come out?

We're going to start a company with Kleiner Perkins and me funding you." The engineer said yes. They jumped on an airplane in their bare feet and came to California.

So, I am merrily doing these one-off investments with Ben Rosen, and my good friend, Mike Homer, who had a career at Apple Computer and then retired from Apple Computer and started dabbling on his own. Mike Homer, we need to digress because he was an engineer who went to UC Berkeley, but probably the most affable engineer on Earth, could communicate ideas crystal clear, had tons of charisma, one of the wittiest persons on earth, and also one of the smartest people on earth, especially from a practical point of view. So, Mike Homer found out about Netscape and took a consulting job there.

Jessica: How were you friends with Mike?

Ron: We're friends with Mike Homer because Mike hung out with Bill Campbell. Our kids went to school with the Campbell kids. Bill was the VP of sales and marketing at Apple. Mike Homer worked for Bill Campbell and Mike and Bill were really close. We would go to all the kids' baseball games, and then go drinking at the Oasis in Menlo Park and hang out together. We would also go to civilized dinners together, but we would hang out a lot at the Oasis in Menlo Park.

Jessica: Okay.

Ron: I knew Mike was part of the Bill brigade, so we had become good friends. Because Mike is so smart, when I am angel investing in this thing called the internet, Mike and I would always banter about this thing called the internet.

One day, we're having drinks and Mike says, "Hey, I am consulting at this really interesting company called Netscape," because he was dabbling but not going anywhere. So I said, "Oh my God, if you're consulting, you've put a stake in the ground that you think something big is happening at this company." And Mike Homer said, "Yes, something big is happening at this company." So, how I found out about Netscape is that Mike gave me a heads-up, and I said, "So what does Netscape do?" He goes, "We have this thing called a browser that allows you to interact and access all of the information on the web." And I said, "Oh my God, this is the explosion. This will allow founders to actually start companies because they can access all the information on the internet."

So, Netscape literally unlocked the internet the way that ChatGPT has unlocked AI. Without Netscape, the internet wouldn't be here. Now if Netscape didn't happen, there'd be another Netscape, the invention was going to happen, or the engineering project was going to happen. Jim Clark happened to be the one to say, "I'm going to go look for this." I do remember rumblings that Jim Clark knew that there had to be a way to access information on the web, and he was looking. And fast-forward, Mike Homer says, "I'm consulting for this company called Netscape," Jim Clark, and I go ding, ding, ding. This is probably the company.

Jessica: I was just going to say, "Ding, ding, ding." There we go.

Ron: Exactly. Netscape's offices were on the main street of Mountain View, Castro Street, close to El Camino, in a modern building with a boulangerie in the basement, on the ground floor.

Jessica: I know that building.

Ron: I could not wait to go see this group of four people and take Mike Homer out to lunch, because I felt it. So, I went down, and I met the other team members.

Jessica: So Jim and Marc Andreessen?

Ron: And Marc Andreessen. And the other founders there in bare feet. Couldn't wait to take Mike down to the boulangerie, have a sandwich, and just brainstorm with Mike, because he and I had a really good rapport. I didn't want the engineers to come to lunch. I wanted Mike just to tell me in his own words where he thought this was going.

He and I fed on each other. Mike knew it first, but I egged him on saying, "This is it. This is the Holy Grail. This is what's going to allow everyone to access the internet." They wanted to call up Mozilla, but somebody had naming rights to that, so they called it Netscape Navigator. And once Netscape Navigator was born, the internet was born. And from that, developers could start developing and the rest is history.

Jessica: Yeah. We have now a bunch of questions.

Carolynn: Yeah. Well, okay. First one is, when you were sitting there with Mike, were you thinking like, "I really want to invest in Netscape"? Or you weren't thinking about the investment, because you knew Kleiner was already in it. It was more like, "This is going to be the catalyst for so many awesome investments I get to make after this"? Or both?

Ron: Oh, no. Well, kind of both. At lunch, of course, because that's my day job, I said, "I have to invest." And Mike said, "Forget it." Jim Clark and John Doerr at Kleiner Perkins have already done the round. They know it's exciting. There will be no one-offs. And I said, "I don't care. I need to be part of the Netscape ecosystem, because this is going to spawn thousands of companies." And Mike and I agreed to that. So, the investment from that point on didn't matter. It never did. I just wanted to be part of the Netscape ecosystem.

Mike, soon after becoming a consultant, became the VP of marketing of Netscape. And the value he brought to the company was beyond immense, because it didn't take long for Microsoft to come out with the Internet Explorer browser. And we had the browser war of all wars, and Mike Homer navigated through the browser war with Microsoft for years when Microsoft could have squashed Netscape, but Netscape had the marketing genius of Mike Homer. It is the only reason, in my opinion, that Netscape survived and thrived because Jim Clark went out and hired Jim Barksdale, and they built a company and went public within a year.

Jessica: Can I quickly ask what Jim Clark was like?

Ron: I did not get to know Jim Clark that well, but super smart, obviously affable, but I'd also say probably eccentric, but a pioneer in technology hardware first and then the pioneer in the internet. And at Netscape, once he brought on Jim Barksdale, obviously with the help of John Doerr, he was always on the board but faded away. He wanted Jim Barksdale to run that company. Jim Barksdale was a known, experienced manager, and they knew that's what Netscape needed at the time.

Jessica: Because it was filled with these young engineers-

Carolynn: Barefoot.

Jessica: ... from the University Of Illinois.

Ron: Everybody barefoot.

Jessica: No one had shoes.

Carolynn: Besides being barefoot, what was Marc Andreessen like, who's now obviously Andreessen Horowitz, a huge VC.

Ron: Right. Marc was the chief engineer with his pals from the University of Illinois. And Marc was immediately a celebrity because it didn't take long for people to figure out that the Netscape browser would give people access to the internet data. Microsoft recognized it and immediately started a competing product, which tells you it's a huge market to go after. So, Marc immediately became the face of Netscape, was on the cover of Time Magazine, one foot folder over the other, barefoot. But it was like Napster. He was on the cover of every magazine at once.

Usually, the magazines won't put the same person on a cover the same week. It's bad protocol. The advent of Netscape Navigator, Marc Andreessen was on the cover of every magazine. He was a celebrity the way Sam Altman is a celebrity for ChatGPT today. That's the best analogy I can give.

Jessica: Okay.

Carolynn: Wow.

Ron: Now, I talk about how important Mike Homer was, and he really was. I think everyone at Netscape would agree the impact that Mike Homer had. What is so ironic is these group of engineers that came from the University of Illinois, of course, they all moved into a house together. Where was that house? That house was on Homer Avenue in Palo Alto.

Jessica: No way.

Carolynn: I love it.

Ron: Cross street Bryant or Waverley. Now, I made it my business to be part of the Netscape ecosystem. I knew that this company was going to be the epicenter of the internet. So, I remember hauling my kids to the Homer house, and Ronnie might have started drinking there, but I would... I'd go there to hang out with the engineers and Homer. I would always go with Mike Homer, because Homer was basically my sponsor, because he was my pal. But hey, Mike, I got to get to know all these guys.

We would go there and party with them, and talk about the future of the internet, and how this held promise. And this is when the company was nothing. It was really uncivilized Wild West. But when Jim Barksdale came in, then it became a company, and it needed to, because it had Microsoft Internet Explorer as its competition. So, they always had a motivator with this much bigger competitor in Microsoft.

Jessica: Did Netscape have a little bit of a crazy culture?

Ron: Oh, very, very crazy. Work hard, play hard, party hard, and get things done. I think everyone there knew they were creating history. In the early days of Twitter, Google, and Meta, Facebook at the time, I used to always tell the founders, "I know this is a lot of work. It's torture, but you are creating history every day, because you are creating and inventing an industry." And those team members were smart enough. They knew that. They knew they were working at a very, very exciting place at an exciting time. It's all anybody wrote about.

It was just like AI is today. The entire world was consumed with this thing called the internet. And they knew with the Netscape browser that everyone could access the information, and it was a green field of opportunity for founders. So, it was all young people, young people who are excited, have something to prove because they had Microsoft coming at them. So, they worked hard and they played hard. The culture was absolutely amazing and invigorating. I could not wait to spend time there, and I lived in those hallways. Lived.

Jessica: Ron, you lived in the hallways. Were people... How? What were you doing? Did you have an office set up?

Ron: Creating relationships and telling them about all the startups that were utilizing the browser that they should know about and that they should have partnerships with. I had an ulterior motive.

Carolynn: Yeah, we know that. How did you get your way in?

Ron: Just relationships and friendships. And we were just huge pals with the boss. The big boss was Jim Barksdale running the business, but Mike Homer set the strategy, staying one foot ahead of Internet Explorer most of the time, and creating the excitement in the culture. And then, Marc Andreessen created new products.

Carolynn: Is it 1996, '97? Like what?

Jessica: '94.

Carolynn: Oh, it was much earlier.

Jessica: Because we're leading up to the IPO, which really was the sea change.

Ron: A year later.

Carolynn: So, it's earlier than I was thinking. Okay.

Jessica: I think a lot of young people don't realize what a big deal the Netscape IPO was. Ron, can you take us back and reconvey what the environment felt like when Netscape went public?

Carolynn: This is '95.

Jessica: '95.

Ron: Yeah, they went public just a year later. The stock was supposed to go public at 12. There was so much demand for the stock that the opening price was \$24 a share, and the stock got as high as \$75 the first day, but then settled down to \$50. But 24 to 50, the day of the IPO, when you were planning on \$12 a share, it was euphoria, but not for the money, it was euphoria about the opportunity. And it gave the opportunity credibility that this was going to be a huge industry.

Jessica: So it was just euphoric.

Ron: Yeah, and it was euphoric, it was validating. The Netscape IPO validated the opportunity ahead of us for the internet. That's what made everyone euphoric on the day of the IPO. We validated that this was a multi-billion dollar opportunity. We should have said multi-trillion. But at the time, multi-billion was big enough to be aspirational.

Jessica: And now, or soon, we can get into some interesting stuff because now your startups are coming up, that you're going to be investing in as a result of people having access to the internet.

Ron: Yes. But before we do that, I want to talk about a byproduct that Netscape brought to the industry. And that is the notion that this thing called open source is good for the industry. And you have to credit Marc Andreessen and Mike Homer ... but I haven't talked to Mark about this. But you have to credit the engineers. And that was Marc Andreessen was the leader of engineering.

Netscape took advantage of open source and encouraged others to take advantage of open source, that this was a community, this was not fiefdoms. And Netscape took advantage of VA Linux open source, Apache open source. They invented JavaScript themselves, a programming language that was open source. So with the Netscape IPO, and I talk about the euphoria and the validation, there was a subliminal explosion and

movement happening. Which is also the beginning of the validation of the concept of open source. Which for the technology industry, without open source, none of this would be here. Marc Andreessen and Netscape embraced open source software.

That was another thing that we didn't realize at the time. But in hindsight, I cannot emphasize this enough, that we needed a way to access the internet. But how cool would it be if we did this in an open source fashion, that every engineer on the internet could share? And here's how it spawned thousands and thousands of companies. Before you had open source software, in order to start an internet company, the barrier to entry was massive. So I want to start an internet company in 1994. I called Sun Microsystems, which gave you, at the time, the most bang for the buck to start a company to start your coding. And they sell you a computer for about \$75,000.

Then you need an operating system. And at that time, you would probably go to Microsoft or Oracle, and you also needed a database, another 75,000 at least. So to start a company in 1994, unless you had 150,000 right then and there, because you can't buy this stuff without that, you couldn't start a company. So the barrier of entry to starting a company was horrible. With open source, you needed a PC and VA Linux, JavaScript, Apache, whatever open source software you need to start development. It is the huge reduction in the barrier to entry to get into the business that any software engineer on any college campus or in their hometown could buy a PC. And with open source software, start an internet company. And that began the explosion.

Jessica: I mean, Y Combinator sort of took advantage of this concept, 10 years later, of course. But that was an important part of what Y Combinator was doing.

Ron: You didn't have to pay the dues of closed source.

Jessica: Yeah.

Carolynn: So just to illustrate, I'm imagining the semiconductor industry is full of trade secrets. So coming from that, the fact that this was all being built on open source is kind of why this was so mind-blowing for you, right? Because I would imagine semiconductors just ... like there's no sharing of anything in that industry.

Ron: Correct. Part of it's because the cost of developing the chips is so high, they have to be secretive to get their return on investment. But with this group of engineers from the University of Illinois came a whole new mindset that open source is fair, it's possible. And this thing called sharing is good for the industry. It will make the industry grow faster. And did it ever.

Jessica: And it's amazing that Marc Andreessen recognized this and embraced it.

Ron: Yes, yes. And they saw where the holes were. Oh, we need a programming language. Oh, we need JavaScript. There are many other examples of open source software that Netscape spawned. So the accomplishments of Netscape can't be measured.

So let me digress for a minute and tell a sad story. Mike Homer, the genius behind Netscape, is not here today. In his thirties, he got a neurological disease called CJD, Creutzfeldt-Jakob disease, randomly. So it's a disease that you get randomly. But on his birthday at Chantilly, about three years before he died, he leaned over to me and he said, "Hey, something's wrong with me." And I just laughed, "What do you mean something's wrong with you? It's your birthday." He goes, "No, no, no." He goes, "I don't want anyone to know, but I got lost driving home today." And I said, "Well, that's not good." And so I said, "Hey, you got to tell Christina." And so Christina said, "Hey, Mike, we got to get this looked at." Within a few weeks he had this diagnosis, zero survivors. So a few years later, we lost Mike Homer.

Now, I'm not going to end this on a bad note. So fast-forward, Netscape has their ... I think it was their 20th anniversary. It was all the Netscape team at Rosewood in Menlo Park, big tent, hundreds of people. Any Netscape alum was welcome to it. And Jim Clark was a speaker, Jim Barksdale was a speaker. I was the only non-team member there. I was asked to come speak about Mike Homer. So, I go to this event, which I knew would not be solemn because these people know how to party and they should look at what they accomplished. And so I go up on stage with Jim Clark and Jim Barksdale, and Jim Clark speaks. And for whatever reason, Jim Clark and Jim Barksdale were humble that night. They just had their humble thing.

So they spoke loudly and enthusiastically, "Hey guys, it's so great to be together and this is awesome." Kind of like that. And I go, "No, no, no. This does not sound right to me." And then Jim Barksdale spoke, and then I walk up to the stage and I said, "Hey, I don't want to preempt the two Jims here, but I want to remind you that this group of people under this tent created the internet. Do you understand?" Well, they started chanting, I could not even hear myself. So I said, "Do you know that it led to this, to this?" And the chants would get louder and louder. And then at the end, we said, "And we're going to toast Mike Homer, because he got us there." And by then, Christina, his wife, was on the stage with me. But this is a group that changed the world. And they knew it, but the night of their anniversary, they just didn't get there far enough and I reminded them.

Carolynn: That's neat.

Jessica: RIP Mike Homer. I never met him, but I sure wish I had.

Ron: Yeah, if you met him, you would not forget him. All these companies have these personalities that help them get the culture builders, it's usually the CEO. But in the case of Netscape, I would say Mike Homer had a lot to do with the culture. But in most other companies, the founder builds the culture.

Jessica: So Ron, the Netscape IPO really kicked things into high gear, search is now available. What happens now?

Ron: So it's kind of interesting that Netscape, god bless them, opened the world to accessing all the information. But because there was so much information, we had a new conundrum. But also a new monstrous opportunity. We didn't know it at the time, but it

was like a whole other opportunity as big as the internet. And that was how to search for information that Netscape unlocked. That became the next challenge. Thank you, Netscape, we have trillions of terabytes of data, but how the hell are we going to find anything now? And that was this thing called search.

So a bunch of companies percolate up, people will remember a lot of them. Lycos, Excite, Infoseek, AltaVista, Yahoo. And funny enough, Yahoo started a month after Netscape and Yahoo didn't even have the notion of search. Yahoo just had the notion of knowing where things were.

Jessica: Indexing them.

Ron: Yeah, indexing. So very, very early. But Yahoo was the one percolating along with Lycos and AltaVista. And keep in mind, Ben and I ... so we live at Netscape, we're watching all these search companies come to being. None of them have a friendly user interface. And then Ben calls me up one day and he goes, and he's giggling, "Guess what?" I go, "What?" I found a search company with a user interface that's good. And it's not in New York, it's in your territory, so you should have found it. But it's called Ask Jeeves." And I said, "Oh my God." The minute he described it, it was like having Netscape described to you. That this search engine will allow you to search the web in a user-friendly, practical, almost conversational way. That was the goal. I go, "Wow, we got to see them. I'm going to get on the jet and we're going to see them within two days."

That was our first drive from SFO, Ben getting off the private plane and we go to Berkeley. And this group of founders, once again, a young group of founders with the two gray hairs and the founders describing their dilemma. And the two of us just nodding our heads saying, "We know exactly what to do." So we would go to these meetings, pick up 10 action items, and just move the company forward. Oh, you need this position? We'll go find that position. It was all about just blocking and tackling, making Ask Jeeves successful.

Unlike Netscape, this one, we did invest. I invested myself and I invested enough that it allowed me to seed some of the early funds that I started. Where I took some of my personal shares and bootstrapped some of the first Angel funds that I started. But Ask Jeeves, it was the conversational interface and was kind of the beginning of the search explosion, along with Yahoo and these other companies. But Yahoo and Ask Jeeves were probably the survivors. And years later, literally years later, along came Google. Because none of these companies were using algorithms at the time.

Jessica: So what blew you away about Ask Jeeves or the conversational tone? You could ask a question and it would know what you were looking for.

Ron: Yeah, yeah, yeah. It was more of a Q&A format. But the UI was just, at the time, very much ahead of all the other search engines. And we were in there, we knew we could make an impact. We knew we could make that the first big search IPO, which it was.

Carolynn: Did he return good results?

Ron: Oh, yes.

Carolynn: Yes? Okay.

Ron: This industry really is a hits driven business. And Ask Jeeves for our funds was definitely a huge, huge hit.

Carolynn: It was free, right? What was the business model?

Ron: They were just starting the ad model.

Carolynn: Okay, okay. That's what I thought you were going to say.

Jessica: Who were the founders? Remember?

Ron: Ask Jeeves, funny enough, came out of an incubator called the Roda Group.

Carolynn: Never heard of them.

Ron: In Berkeley, RODA. And I forget their names right now. And they incubated the Ask Jeeves idea in their incubator themselves. And then they went and hired a CEO later.

Carolynn: Were they attached to the university?

Ron: No.

Carolynn: Or was it just completely separate?

Ron: Just happened to be in Berkeley because that's where they lived.

Carolynn: Wow.

Jessica: And this was back in the days when VCs would install CEOs, right?

Ron: Well, in this case it was the incubator bringing in a CEO.

Jessica: Okay.

Ron: Yes.

Jessica: And what were valuations like back then? I mean, you don't have to have the exact number, but were they small?

Ron: Oh, way under 10 million. And Ask Jeeves, there was a buzz about it. But I would bet the valuation was way under ten and maybe under five.

Jessica: And people just didn't realize back then the enormous returns that one could get from these types of companies.

Ron: No, it was just early days. And remember, there was a lot of clutter. You had Lycos, Excite and AltaVista telling the world that they were the best search engine. It was a very cluttered market. But we were drawn to Ask Jeeves because we really did think that the Q&A format was a winner. Versus the hard to use Excite and Lycos and AltaVista, at the time, and Infoseek. Everyone had a different way, Ask Jeeves at the time, which their IPO proved, had the best user interface to search the web.

Carolynn: How many years was it before they went public? How many years did they operate?

Jessica: 1996, they were founded.

Ron: Well, and many internet companies went public within months. That's what caused the bubble.

Jessica: That's what caused the bubble, exactly.

Ron: It was literally the opposite. Companies would get a tiny bit of seed funding and go public. The IPO market was the VC, which led to the crash. In hindsight, it's 20/20. Plus many of them were voice and video driven, and the internet did not have the infrastructure for that yet.

Jessica: So Ron, this was so fascinating. I mean, we really got into the details-

Carolynn: We did.

Jessica: Here. And I think this is a good place to end for this episode.

Carolynn: Yep. I think so.

Jessica: And we will pick up next time with more of your angel investments. We've talked a little bit about Ask Jeeves, but we'll pick up with search. Because there's a big search company on the horizon that I can't wait to hear about.

Ron: After Ask Jeeves came the big monster called Google. Which in the very beginning was called the research paper that begot Google was called the Internet in Your Pocket. And I'll leave off there.

Carolynn: I did not know that-

Jessica: Does not roll off the tongue.

Carolynn: I thought you were going to say, Back Rub.

Ron: Oh, you're right. Well, the paper was called, The Internet in Your Pocket. That was the research paper that begot Google. They called the first product, Back Rub.

Jessica: I love it. I can't wait to get into that.

Carolynn: Yeah, that's going to be for next time.

Ron: So come next time for a back rub.

Jessica: All right, Ron, thanks again.

Carolynn: Thank you, Ron.

Jessica: We'll see you soon.

Ron: Awesome.

Jessica: Bye.

Carolynn: Bye.

Jessica: Whoa, Carolynn, my brain is exploding right now.

Carolynn: Yeah, mine too.

Jessica: That was a lot of fascinating stuff.

Carolynn: So many stories, so many mind-blowing stories.

Jessica: We are continuing to lay this like critical groundwork to where we come to the individual companies that really get nuts.

Carolynn: Where the stories get very juicy, yeah. And I mean, Ron dropped a couple teasers and I think episode three is going to be amazing.

Jessica: Yes. I don't think we need to say a whole lot because that was just a history of Silicon Valley right there. Boom.

Carolynn: Yep. Everything you need to know.

Jessica: All right, we'll talk soon then.

Carolynn: Bye.

Jessica: Bye.