

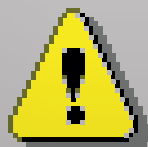
The Dotcom Boom, 10 Years After



On March 10, 2000, the Nasdaq peaked at 5,048.62. Then it promptly nose-dived, never to see that level again. Here's a look back at the era that launched—and crushed—a million dreams.

[by Mathew Honan and Steven Leckart](#)

Error: Excessive optimism



“No ecommerce company has ever made a profit. Certainly we will, and the analysts have us making a profit in 2001.”

—Craig Winn, CEO of “convergence commerce” outfit Value America, May 1999
(The company filed for bankruptcy in August 2000.)

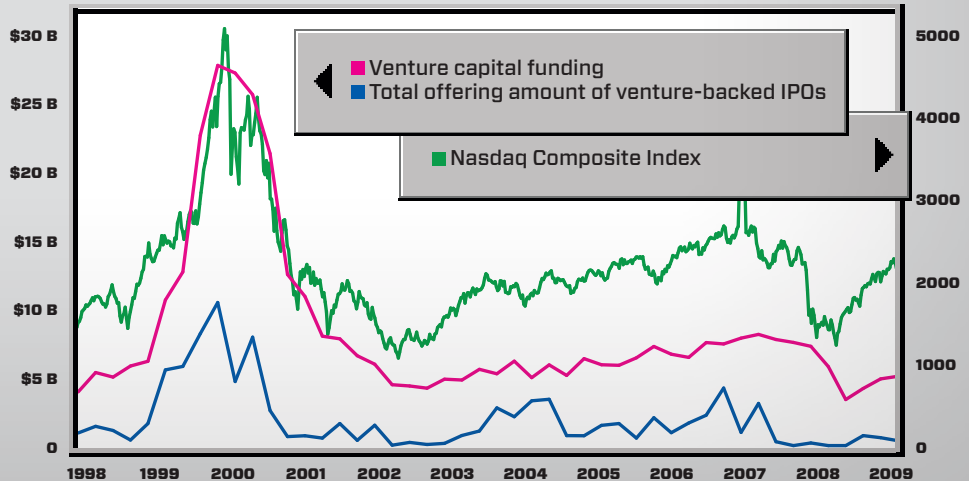
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Microsoft Outlook



Still Busted

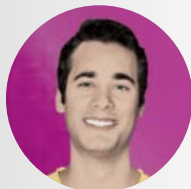
A decade after the crash, VC funding and IPOs haven't bounced back.



SOURCES: Bloomberg, National Venture Capital Association, Thomson Reuters

Where Are They Now?

Catching up with some key inflaters of the technology bubble.



Stephan Paternot

THEN Founder, TheGlobe.com
KNOWN FOR Netting tens of millions of dollars when the online community he started in college produced the largest IPO in history; quitting a year later after the stock fell precipitously.
AGE AT IPO 24
NOW Angel investing; producing films like *Life 2.0*, a doc about *Second Life*.



Shawn Fanning

THEN Inventor, Napster
KNOWN FOR Single-handedly sparking the file-sharing revolution from his dorm room and dragging the music business into the digital era.
COST OF SETTLING RIAA LAWSUITS \$26 million
NOW Starting a new, mysterious company with Facebook alum Dave Morin.



Bernie Ebbers

THEN Founder, WorldCom
KNOWN FOR Being convicted of conspiracy and fraud after bilking investors out of \$11 billion.
BEFORE PLEADING THE FIFTH "I believe that no one will conclude that I engaged in any criminal or fraudulent conduct."
HE later pleaded guilty.
NOW Doing 25 years for nine felonies.



Mary Meeker

THEN Analyst, Morgan Stanley
KNOWN FOR Urging her bank to take Netscape public, launching the dotcom boom; being bullish on location-based mobile services.
NOW Still a Morgan Stanley analyst. Meeker's annual talk at the Web 2.0 Summit is required viewing for today's more sober investors.



George Shaheen

THEN CEO, Webvan
KNOWN FOR Leaving the top job at Andersen Consulting to lead an online grocery startup; raising \$400 million from VCs and then \$375 million in an IPO; quitting before Webvan filed for bankruptcy.
VALUE OF GOLDEN PARACHUTE \$375,000 a year
NOW Sits on several company boards.



Frank Quattrone

THEN Investment banker, Credit Suisse First Boston
KNOWN FOR Urging employees to "clean up" files that proved CSFB got kickbacks for slipping hot stock to clients.
MONTHS HE HAD TO BEHAVE BEFORE HIS OBSTRUCTION OF JUSTICE CHARGE WAS DISMISSED BY A JUDGE 12
NOW Runs a merchant bank.



Philip Kaplan

THEN Founder, FuckedCompany.com
KNOWN FOR Running a dotcom death pool that provided a daily shot of schadenfreude; turning the site's software into the successful online ad server AdBrite.
NOW His new venture Blippy shares information about credit card purchases with your friends.



Josh Harris

THEN Founder, Jupiter Communications and Pseudo.com
KNOWN FOR Dumping millions into a pioneering but doomed webcasting site; lavish parties; Big Brother-ish art projects; holding client meetings dressed in drag.
NOW Appearing in the doc *We Live in Public*. Trying to raise millions for another art project.

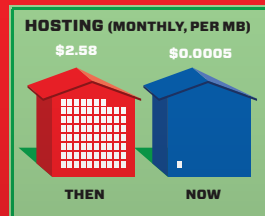
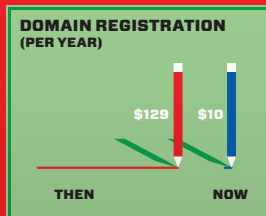
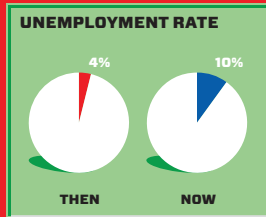


Sabeer Bhatia

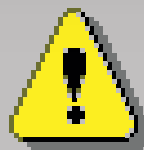
THEN Cofounder, Hotmail
KNOWN FOR Selling his company to Microsoft for \$400 million on his 29th birthday, making a 1,333 percent profit off free Web-based email.
NOW Hoping to re-create his formula for success with SabseBolo, a free online teleconferencing service.

Wired - March 2010

2000 vs. 2010



Error : Hubris



“The new boy is in town; the new boy is taking over as king of media ... I’m in a race to take CBS out of business.”

—Josh Harris, CEO of Pseudo.com, February 2000
(Eight months later, Pseudo.com filed for bankruptcy. As for CBS? Don’t miss *CSI* Thursdays at 9 pm!)

Error : Head in clouds

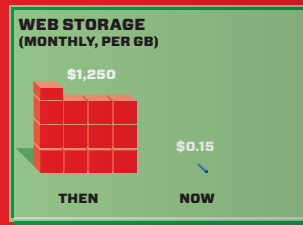
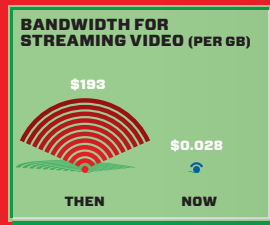
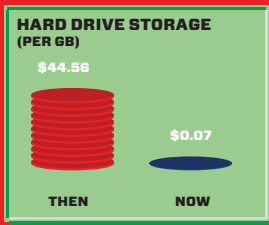


“What the Walkman did for music, what the cell phone did for telephony, Palm will do for your wireless data world—simply being connected. Anytime, anywhere.”

—Carl Yankowski, CEO of Palm, August 2000
(Yankowski was out by the end of 2001. The company later ceded its leadership of the PDA market to Research in Motion.)

What a difference a decade makes.

Note: Numbers adjusted for inflation.



Error : Head in sand



“Obviously there’s some speculative action in the dotcom IPO market, but there isn’t a sign of a fundamental problem.”

—John Skeen, director of portfolio strategy at Banc of America Securities, December 1999 (No fundamental problem, except for all those newly public companies that had no clear path to profitability.)



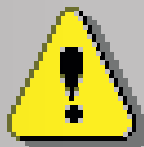
Links to Nowhere

Companies come and go, but domain names last forever—as long as someone pays the registration fee. Here's where a few dotcom classics send you now.

- Alltheweb.com (search engine) -> Yahoo-powered search engine
- Beenz.com (ecurrency) -> Domain squatter
- Bid.com (auctions) -> **Server not found**
- Boo.com (fashion) -> Travel review site
- Contentville.com (online magazine) -> Domain squatter
- Estyle.com (fashion) -> **Server not found**
- Feedmag.com (online magazine) -> "Site Temporarily Unavailable"
- Geocities.com (community site) -> "Sorry, GeoCities has closed."
- Keen.com (personal advice) -> Offers psychic readings
- Kozmo.com (snack and movie delivery) -> **Server not found**
- Napster.com (file-sharing) -> BestBuy's music-streaming service
- Pets.com (ecommerce) -> PetSmart online community
- Pointcast.com (push information delivery) -> Flash application library
- Scient.com (strategic consulting) -> Domain squatter
- Snap.com (CN)
- Xoom.com (co)



Error : Not!



"We see Time Warner and AOL as the sort of classic one-plus-one-equals-three situation here."

—AOL president and CEO Robert Pittman, January 2000
(Earlier this year, former Time Warner CEO Gerald Levin said the AOL acquisition was "the worst deal of the century, apparently.")

Survivors

These dotcom pioneers may lack the swagger of yesteryear, but they're still hanging in there.



AltaVista

The first killer search engine is still processing queries—and reminding us again why Google won.

iVillage

The stock of this women's community site dropped from \$114 to less than \$1 but found a lifeline in buyer NBC.

Lycos

Once a large portal player and owner of Wired .com, Lycos is now a search site owned by a South Korean company.

The Knot

More than a decade after its IPO, the Knot proves that even if marriage isn't always eternal, it's still profitable.

The Industry Standard

The dotcom bible starved to death on \$200 million a year. Now it publishes tech news online.

The Motley Fool

Long after the bubble burst, this investment research haven is having the last laugh.

Tripod

GeoCities razed its online community, but the other go-to site for free Web hosting in the '90s remains an option.

RedEnvelope






A bankruptcy filing and a new owner mean this gift site can still help you find that perfect something for Mother's Day.

Salon

The stock costs less than a candy bar, but this pioneering Internet magazine remains one of the Web's sweetest reads.

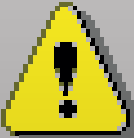
Great Ideas, Bad Timing

The dotcom collapse decimated lots of bad ideas. (Free one-hour ice cream delivery, anyone?) But many great concepts got trapped in the rubble. Here are some that have struggled back to life.

Great Idea	Why It Failed	Why It's Succeeding Now	Who's Behind the Rebirth
 <p>FREE INTERNET ACCESS (NetZero, BlueLight)</p>	Ad-supported dialup had its day, until Internet advertising dried up and costs spiraled out of control just as consumers began flocking to broadband.	Wi-Fi lets providers grant free or tiered access without investing a fortune on infrastructure.	Meraki, municipal Wi-Fi
 <p>FREE ONLINE ENCYCLOPEDIA (Nupedia)</p>	Jimmy Wales' first encyclopedia venture relied on professionally edited, peer-reviewed writeups from expert sources. Read: time-consuming and costly.	Hey, check out all these monkeys! We should totally give them typewriters. Or at least let them edit this stuff themselves.	Wikipedia (and all the other Wiki'd-pedias out there)
 <p>THE INTERNET AS TV (Broadcast.com, RealAudio Player GoldPass)</p>	Yahoo paid \$5.7 billion for Broadcast.com, but it died in the pipe. Internet video before broadband was like pouring tar through a garden hose.	YouTube built the bridge to the broadband era, while media execs eager to avoid the music industry's mistakes agreed to distribute content online.	Amazon.com, Boxee, Hulu, iTunes, Netflix, Vimeo, YouTube
 <p>VIRTUAL CURRENCY (Beenz, Flooz)</p>	Consumers weren't thrilled with being paid by one site for actions they took on others, and regulatory hassles hurt virtual currency's prospects.	Let consumers spend virtual bread the same place they bake it: inside game worlds and on social networks.	AceBucks (Facebook), gold (<i>World of Warcraft</i>), Linden dollars (<i>Second Life</i>), Offerpal
 <p>PUSH INFORMATION DELIVERY (PointCast)</p>	PCs with antediluvian x86 processors, slow Internet connections, and paltry memory struggled to serve push applications.	Mobile devices, faster processors, and cheap RAM now push updates to us everywhere, all the time. Make it stop!	CNN mobile app, Facebook, FriendFeed, iPhone push notifications, Pubsubhubub, RSS, Twitter

Illustrations by Quickhoney

Error: Duplcity



"It's a piece of shit."

—Merrill Lynch analyst Henry Blodget in an email message to a colleague about 24/7 Media, dated October 10, 2000, when Merrill had a Buy rating on 24/7's stock. (The SEC later charged Blodget with securities fraud; he agreed to a \$4 million fine and a lifetime ban from the securities industry.)



Location: <http://www.wired.com/magazine/10yearsafter>

What's New! What's Cool! Handbook Net Search Net Directory

Postmortem

A final assessment of the dotcom era.



Kozmo.com



AWESOME



search advertising

iPod



Johnny Mnemonic

free massages

free PCs

rooftop parties

Vindigo

Netscape

P2P

TiVo

genome mapping

Jerry Yang, 1996

Deus Ex

The Sims

Amazon.com

The Matrix

eBay buys PayPal

daytrading in your pajamas

ringtone business

stock options in lieu of pay, 1998

Moby

eToys

Jerry Yang, 2000

LUCRATIVE

candy-colored everything

MONEY-BLEEDING



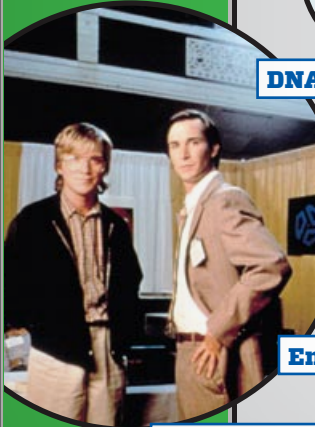
pitchwoman: Whoopi Goldberg (Flooz)

DNA patenting

typing "http://"

pitchman: William Shatner (Priceline)

optical networking



Pirates of Silicon Valley

Dutch auction IPOs

daytrading in public

domain squatting

stock options in lieu of pay, 2001

Web TV

online greeting card

pon- pop-up ads pop-up ads

Segway

You've Got Mail

Razor scooter

Enron

DigiScents

irrational exuberance

Mark Cuban

Jerry Yang, 2007

Windows 2000

AWFUL



Dot-Communication

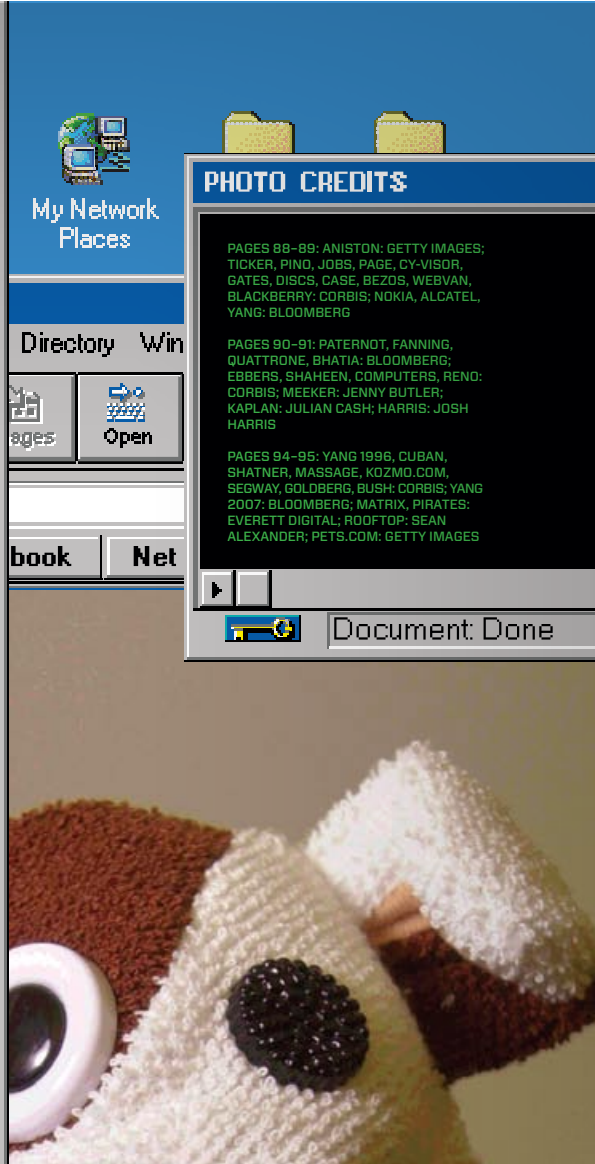
Never say something in plain English when you can bust out an obscure acronym or puzzling jargon. The technology bubble forged its own lexicon.

E-Everything	Not F2F
eauctions	extranet
ebusiness	intranet
ecommerce	teleconferencing
email	webcast
emarketing	Web conferencing
eprocurement	webinar
etailers	


Commerce	Business Gobbledygook
brick-and-mortar	CRM (customer relationship management)
click-and-mortar	data-mining
eyeballs	data-warehousing
hits	DSS (decision support system)
impressions	ECM (enterprise content management)
marketspace	EDI (electronic data interchange)
m-commerce	ERP (enterprise resource planning)
sticky	ETL (extract, transform, and load)
	OLAP (online analytical processing)
	OLTP (online transaction processing)
	supply-chain management
	VAN (value-added network)

Media
information broker
portal
vortal
walled garden

X2Y
B2B (business to business)
B2C (business to consumer)
B2E (business to employee)
B2G (business to government)
C2C (consumer to consumer)
G2B (government to business)
G2C (government to citizen)
G2G (government to government)
P2P (peer to peer)



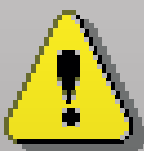
Error : Pants on fire!



“We are the good guys. We are on the side of angels.”

—Jeffrey Skilling, CEO of Enron, June 2001
(The company’s massive accounting fraud was revealed shortly thereafter. Skilling was convicted of 19 felonies and is now appealing his 24-year sentence to the US Supreme Court.)

Error : Irrational exuberance



“Things will pick up again, because not even Alan Greenspan can stop the Internet economy.”

—Larry Kudlow, CNBC host, February 2000
(Indeed, not even Greenspan could stop the Internet economy—from tanking.)