

# Bad Blood Book Summary

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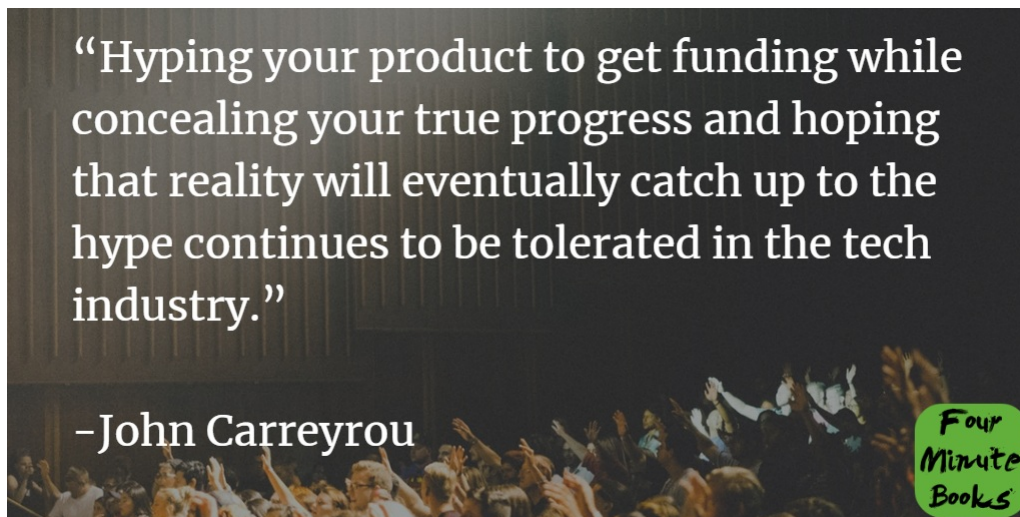


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**1-Sentence-Summary:** *Bad Blood* is the story of how Elizabeth Holmes promised the world a medical miracle machine that actually operated on deception and lies.

**Read in:** 4 minutes

**Favorite quote from the author:**



I'm a real sucker for those online ads offering gadgets promising to change my life. I often make the purchase only to find out the product is not everything the video demo made it out to be.

It's one thing to shell out fifty dollars then realize you made a mistake. But how would you feel if you had invested millions of dollars on a device that promised to change the world, only to discover it was virtually useless?

This is precisely what happened to many otherwise savvy investors as you'll see in the story of *Bad Blood: Secrets and Lies in a Silicon Valley Startup*. Many venture capitalists bought into the revolutionary blood analysis device that Elizabeth Holmes and her startup company, Theranos, created. They all thought it was their ticket to fame and fortune. Unfortunately for them, this thing that sounded too good to be true really was.

Here are 3 lessons to think about:

1. A \$9 billion product valuation can be the result of deceit.
2. You don't have to do exactly what your device claims, as long as you can come up with a convincing front.
3. Holmes could only pull off this scam by getting FDA approval, which she carefully

tiptoed around doing correctly.

Let's see how Elizabeth Holmes kept this falsehood going for as long as she did!

## Lesson 1: **It's possible to lie your way to a \$9 billion product valuation.**

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This machine, called Edison, would not do what asserted, no matter how many endless hours the Theranos engineering team worked to meet the claim. The Edison could not test for any more than a handful of common illnesses. And even with that number, the accuracy of the data was questionable at best.

But Elizabeth Holmes was not concerned about any of these problems. She was only interested in playing her role as the charismatic Silicon Valley wunderkind.

Holmes fancied herself as something of a female Steve Jobs. She even affected a deeper voice when she spoke in public, thinking she'd be taken more seriously in a male-dominated business arena.

Her performance was enough for investors to begin taking note. They were convinced that Theranos was the next big thing to hitch their wagon to in the tech realm. **To investors, Elizabeth Holmes was a brilliant businessperson who would soon amass a huge fortune by saving lives.**

All the hype was contagious and soon heavyweight corporations like Walgreens and Safeway bought into the promise.

Safeway invested \$350 million to renovate their stores to accommodate the Edison machines in their on-site clinics. Soon, other private investors jumped on the bandwagon. Before long, Theranos was valued at a cool \$9 million.

## Lesson 2: **A deceptive smoke screen can hide a roundabout way of delivering on your promise.**

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There was so much pressure to get the Edison machines into the marketplace that the company didn't consider spending money and more time in research and development. Who knows what the outcome would be if they had taken the time to further build it.

Yet Holmes continued talking it up and making outrageous claims, saying that the device could run 800 tests using only a single drop of blood. She also maintained that results could be given in under an hour and that that it was all approved by the FDA. Every word was just a dog and pony show.

The only test that this machine could perform was an immunoassay, which provides data on protein levels. Most hematology and general chemistry profiles were beyond the machine's capabilities.

**When customers arrived at a test center, they were told that their specific order called for the traditional method of blood extraction, using a large needle and vials.**

These samples were then express-couriered to a lab in Palo Alto and tested on third-party machines. It was as if Theranos was making good on the claims, even though the whole operation was a "bloody" lie.

## Lesson 3: Theranos used some pretty fancy footwork to dance its way around FDA regulatory inspection.

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How is it that Theranos could pull off this huge scam in such a strictly regulated market, and with human lives at stake? And what about the necessary FDA approval?

Lying to investors and the public is one thing, but it takes super genius wizardry to pull the wool over the eyes of the FDA. And yet, Theranos did exactly that, at least for a time.

**Part of their dodge was in pretending that the Edison machine wasn't considered a "medical device."** Because the results were also forwarded to Siemen's lab in Palo Alto for analysis, they could claim that the apparatus was simply a tool used for sending information. This meant that the Edison wasn't subject to FDA regulation.

This scam lasted for a time, until lieutenant colonel Dr. Shoemaker insisted that the device be FDA approved before he would greenlight their installation in military field hospitals.

It seemed the jig was up! Not quite, though. Theranos agreed to get the FDA approval that Shoemaker required. They stalled just long enough for Dr. Shomaker to retire, and then quietly dropped that particular project.

Since the Edison device produced good results for a few tests like herpes and HSV-1, however, they did get their FDA approval for those specific tests. Theranos leveraged this claim to their advantage and boasted of their great advocacy for the regulatory body.

Today, investigations are underway into Theranos, and Holmes's estimated net worth is now zero.

## Bad Blood Book Review

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What a story! Bad Blood is a difficult book to put down because you need to keep reading to see just how far Elizabeth Holmes could take this act. I give the woman credit. In spite of all her deceit and lies, she possesses some kind of hypnotic genius. The story is so compelling

that HBO has a documentary on it called *The Inventor: Out for Blood in Silicon Valley*. I recommend both the book and the film.

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## **Who would I recommend the Bad Blood Book Summary summary to?**

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The 24-year-old entrepreneur who is crafting a Kickstarter campaign message for her new startup concept. The 42-year-old phlebotomy technician who just can't get enough excitement from his job, and anyone else looking for a bloody good read.