

Preface

Preface: Zero to One

Chapter 1

The Challenge of the Future

A QUICK HISTORY OF THE 90S

By mid-1990, the United States was in recession

Japan seemed to be winning the semiconductor war

The internet changed all this

The Mosaic browser was officially released in November 1993 giving regular people a way to get online

Mosaic became Netscape, which released its Navigator browser in late 1994

Yahoo went public in April '96 with an \$848 million valuation.

Amazon followed suit in May '97 at \$438 million

The East Asian financial crises hit in July 1997

Navigators adoption grew so quickly-from about 20% of the browser market in January 1995 to almost 80% less than 12 months later-that Netscape was able to IPO in Augus '95 even though it wasn't yet profitable

Crony capitalism and massive foreign debt brought the Thai, Indonesian, and South Korean economies to their knees

The ruble crisis followed in August '98 when Russia, hamstrung by chronic fiscal deficits, devalued its currency and defaulted on its debt

Chapter 3

All Happy Companies Are Different

Chapter 4

The Ideology of Competition

Chapter 5

Last Mover Advantage

Chapter 6

You Are Not a Lottery Ticket

Chapter 7

Follow the Money

Chapter 8

Secrets

Chapter 9

Foundations

Chapter 10

The Mechanics of Mafia

Chapter 11

If You Build It, Will They Come

Chapter 12

Man and Machine

Chapter 13

Seeing Green

Chapter 14

The Founder's Paradox

Conclusion

Conclusion Stagnation or Singularity

MANIA: SEPTEMBER 1998- MARCE2000

Dot-com mania was intense but short-1

irrationality was rational given that appending com to your name could double your value overnight



PAYPAL MANA

we wanted to create a new internet currency to replace the U.S. dollar.

so we decided to create a way to send and receive payments over email

For Paypal to work, we needed to attract a critical mass of at least a million users. Advertising was too ineffective to justify the cost

花钱让人们sign up

So we decided to pay people to sign up

邀请系统

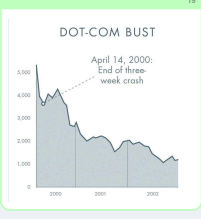
We gave new customers \$10 for joining, and we gave them \$10 more every time they referred a end

when you pay people to be your customers, exponential growth means an exponentially growing cost structure

Chapter 2

Party Like It's 1999

Since the '90s migration from bricks to clicks didn't work hoped, investors went back to bricks (housing) and BRICS (globalization)



LESSONS LEARNED

four big lessons from the dot-com crash

1. Make incremental advances

Grand visions inflated the bubble, so they should not be indulged. Anyone who claims to be able to do something great is suspect, and anyone who wants to change the world should be more humble. Small, incremental steps are the only safe path forward

2. Stay lean and flexible

不要计划，迭代，在失败中成长

All companies must be "lean, which is code for "unplanned. You should not know what your business will do; planning is arrogant and inflexible. Instead you should try things out, " iterate, and treat entrepreneurship as agnostic experimentation.

3. Improve on the competition

在已有的市场中进步

Dont try to create a new market prematurely. The only way to know you have a real business is to start with an already existing customer, so you should build your company by improving on recognizable products already offered by successful competitors

4. Focus on product, not sales

If your product requires advertising or salespeople to sell it, it's not good enough: **technology is primarily about product development, not distribution.** Bubble-era advertising was obviously wasteful, so the only sustainable growth is viral growth.

opposite principles are probably more correc

1. It is better to risk boldness than triviality

2. A bad plan is better than no plan

3. Competitive markets destroy profits

4. Sales matters just as much as product

To build the next generation of companies, we must abandon the dogmas created after the crash

how much of what you know about business is shaped by mistaken reactions to past mistakes