

ADVERTISING



Courtesy of HBO

## What the Theranos Documentary Misses

Instead of examining Elizabeth Holmes's personality, look at the people and systems that aided the company's rise.

By **AVI ASHER-SCHAPIRO**

March 29, 2019

✓ Add to Pocket

When Elizabeth Holmes was a freshman at Stanford University, she went home for winter break, and, in a ritual familiar to many elite college students of a particular background, sat around the table with her family to muse about her many options. During Christmas dinner, her father Christian Holmes IV, a former executive at Enron, wrote the letters “Ph.D.” on a piece of paper, folded it into a paper airplane, and sent it aloft. “No Dad,” Holmes replied. “I want to make money.”

Holmes would soon after drop out of Stanford to do just that: She founded the blood testing company Theranos and raised over \$900 million by claiming to have invented a revolutionary new blood testing technology that could perform hundreds of life-saving tests on a small, slick device, using just a pinprick of blood. The only problem was that no such invention existed.

That dinner anecdote, relayed by *Wall Street Journal* reporter John Carreyrou in his 2018 book *Bad Blood*, did not make it into Alex Gibney's much anticipated documentary on Holmes, *The Inventor*, which aired last week on HBO. And the omission is telling. The film focuses obsessively on Holmes' personal qualities; her unblinking eyes, her capacity to charm, her secretive style, and the ways she fulfilled, and in some ways, belied stereotypes about Silicon Valley entrepreneurs.

Missing from the film, however, is any sustained effort to understand how Theranos interacted with the larger economic and social forces that nurtured it. In the hands of Gibney, the rise and fall of Theranos is reduced to a sort of personality puzzle, driven by the banal questions like: What was Elizabeth Holmes thinking? Is she a liar? How could seemingly competent investors be so misled?

That's a shame, because the story of Theranos is so much more than that. At its root, it's a parable that cuts to the central dysfunctions in the American economic and political order, one that should dismantle our notions of meritocracy and put a strict limit on our forbearance for elites. It illuminates how the rich and well connected occupy different strata of life, enjoy a completely different set of opportunities from the rest of us, experience a different kind of justice, and are so often immune from consequences. Though the film gives some glimpses of these dynamics, they are always in the background, shadowed by other far less compelling narrative impulses.

**Gibney's film does an admirable job of getting the uninitiated up to speed on the complex Theranos saga.** It tells us how Holmes, armed with no particular scientific talent or medical training, convinced an ever-widening circle of investors and political elites to back her start-up. Even though her blood testing device never

progressed far beyond an impressive high school science fair project, she evaded regulators for years, notched a \$9 billion valuation, and landed on the cover of *Fortune* magazine. Gibney deftly explains how Holmes deceived veteran journalists, wooed big name investors, and eventually, convinced Walgreens to roll out Theranos blood testing centers in their stores, even though the company hadn't really invented anything at all, and was secretly testing blood samples on other companies' blood testing machines—the very companies it was promising to “disrupt.” It's a long, and complex con. And Gibney synthesizes the deception well.

**THE NEW REPUBLIC** **DAILY**

Your email

Sign Up



Holmes at TechCrunch Disrupt in San Francisco in 2014

But, the mechanics of the deception aren't the most important part of the story. Gibney, to his credit, recognizes that. His searching voice-overs seem to plead to know what this all means. The sherpa that he chooses to guide us through this question is Dan Ariely, a professor of psychology and behavioral economics at Duke University, who's obsessed with how Holmes may have rationalized her behavior, or in his words, how she worked to “bend reality” to suit her ambitions. Ariely appears periodically

throughout the film to parse Holmes's psychological disposition with his own quirky, counterintuitive insights about human motivation. He's preoccupied by the question of whether she knew she was engaged in deception, or whether she was such a zealot that she deceived herself along with her investors and patients. Ariely seems to think Holmes actually believed Theranos could work, a view Gibney does not challenge. Both interviewee and filmmaker seem oddly fascinated by this possibility, as if charlatans who drink their own Kool-Aid were a novel feature of American life.

What Gibney seems to find so interesting is that Holmes's capacity to lie—and, by extension, Silicon Valley's tendency to dissemble—coexists with a sincere belief that the tech industry is trying to make the world a better place. The deceptions are so deeply rooted, we are told, because they are backed by good intentions. It's a pretty banal insight. Ariely, the social scientist, takes a long beat in the middle of the film to explain an experiment he ran, which showed how subjects can fool a lie detector test if they are told that their lies will be rewarded with money given to charity.

The film wants us to dwell on all the ways in which Holmes herself embodies this phenomenon. Over and over again, the viewer is treated to repetitive, slowly zooming shots of Holmes appearing on the covers of magazines clad in all black; Holmes stalking the halls of her Palo Alto offices; Holmes giving corporate speeches in a deep baritone voice. Visually and thematically, Gibney obsesses over how Holmes played the part of “founder,” in the same way that Theranos's famous old, white, male investors seemed to have fixated on aspects of her femininity. (In an audio clip played in the documentary, Henry Kissinger describes her as “ethereal.”)

**In reality, although Holmes may have displayed some bewitching** eccentricities, it was her connections, a brazen willingness to deceive, and an economic climate that rewarded such qualities, that made Theranos a success. She was childhood friends with the daughter of billionaire Silicon Valley investor Tim Draper, who helped her raise a million dollars, and lent credibility to the project from the outset. Through her father, she met Don Lucas, an early investor in Oracle who later became chairman of the board. According to Carreyrou, Holmes and Lucas had brunch every weekend.

Lucas, in turn, brought in Larry Ellison, another Silicon Valley brahmin, who sits on the board of Tesla. The circle of investors grew to include a who's who of American plutocrats: Rupert Murdoch, the Walton Family, and the DeVos family. Naturally, these wealthy patrons were interested in a chunk of the multibillion dollar blood testing market, which was dominated by two clunky firms.

These elites turned out to be terrible stewards of innovation. Over and over again, it was mid-level workers, compliance officers, and outsiders who uncovered the Theranos deception—only to be overruled

and second guessed by those at the top. For example, Carreyrou reports that when a laboratory expert from a consultancy firm, Kevin Hunter, raised serious concerns about Theranos technology, a Walgreens executive responded that “we can’t risk a scenario where CVS had a deal with them in six months and it ends up being real.” Inside of Theranos, it was 22-year-old Erika Cheung who tried to raise the alarm; in an interview in *The Inventor*, she says that Theranos COO Sunny Balwani ignored her.

***The Inventor* entertains the notion over and over again that leaps in innovation require a “fake it until you make it” mentality.**

The story of Theranos should provide the perfect opportunity to probe deeper into the social networks that determine which companies and projects are able to attract investment. But *The Inventor* shows us only glimpses of Holmes’s family connections—even though it was her family’s ties to the Fleischmann Yeast fortune and the Fleischmanns’ founding of the Cincinnati General Hospital that Don Lucas says convinced him to invest in her. It’s never made clear that Holmes came from wealth and was embedded in a world of very wealthy people. And the film doesn’t put her connections in a wider context: Quite the opposite, *The Inventor* entertains the notion over and over again that leaps in innovation require a “fake it until you make it” mentality.

The film largely avoids attributing Holmes’s behavior to greed, and has even less to say about the motivations of the people who lent her legitimacy and helped keep Theranos

afloat, despite the company's consistent failure to produce the technology it promised. To take just one example, Gibney's film says very little about how James Mattis, Donald Trump's former defense secretary ended up on the Theranos board. After meeting Holmes in 2011, Mattis pushed to have Theranos devices—which did not work—deployed in Afghanistan. This furnished Holmes with one of her most convincing alibis: that Theranos had the backing of the military.

When a feisty military compliance man, Lieutenant Colonel David Shoemaker, raised the alarm that the Theranos products were not FDA approved, Holmes got Mattis to personally intervene and try to fast-track Theranos for use in Afghanistan anyway. Although Shoemaker was able to convince Mattis that the devices couldn't be safely deployed, Mattis went on to offer Holmes an invaluable opportunity to test her anonymized samples on military blood outside the theater of conflict. And after Mattis left the military, before he joined the Trump administration, he got paid \$150,000 a year to sit on Theranos board.

Even after John Carreyrou began revealing Theranos's shortcomings, Mattis was praising the company in public. And even though reporters obtained emails showing Mattis exchanging messages with

**Theranos is a parable about who gets what and about what certain kinds of people can get away with.**

Holmes about how to bypass regulatory hurdles, Mattis wasn't asked any questions about it during his confirmation hearing to become Trump's secretary of defense. Mattis was just one of the many many powerful men who blocked and tackled for Elizabeth Holmes, and has yet to face any real consequences. The list also includes George Shultz, the much-celebrated statesmen, who got his grandson Tyler a job at Theranos. When Tyler turned whistleblower for the *Wall Street Journal*, Shultz worked with Theranos to try to pressure his grandson into signing an NDA. Oddly, Shultz is portrayed as a sort of belated hero in Gibney's film, since in the end he praises his grandson for speaking out.



**The name Elizabeth Holmes may soon take its place next to Charles Ponzi** in the pantheon of iconic American fraudsters. And while Carreyrou's virtuosic *Bad Blood* will surely serve as the definitive account of Theranos's rise, it's fundamentally a book of reportage and does not aim to present in-depth analysis of the systems around the company. Gibney missed an opportunity to build on Carreyrou's work, and use the story of Theranos to demonstrate the irresponsibility of elites and to strike a blow at myths that link innovation and failure—just as he used the *Man in the Machine* to strike at the hagiography around Steve Jobs.

Theranos is a parable about who gets what and about what certain kinds of people can get away with. It's been 16 years since Holmes founded Theranos, and 12 years since she tested dying cancer patients' blood on dud devices in Tennessee, a frightening tale recounted in Carreyrou's book, but not in Gibney's movie. Today, she's still living in a luxury apartment in San Francisco, and according to *Vanity Fair*, trying to write a book. Recent news reports tell of her passionate relationship with a Siberian Husky named Balto. Holmes says he's actually a wolf (he's not). Yes, she was indicted last summer, and she's been sued many times. But it's hard to say she's yet experienced anything resembling consequences. And *that* may be the most important thing there is to say about Elizabeth Holmes.

Avi Asher-Schapiro is a writer based in Brooklyn, New York.

