Tech, Heal Thyself

ELLEN PAO

Ellen Pao is one of Silicon Valley's leading advocates for fairness and ethics and is a longtime entrepreneur and tech investor. Her landmark gender discrimination case against venture capital firm Kleiner Perkins sparked other women, especially women of color, to fight harassment and discrimination in what's been called the "Pao effect."

We were dreaming of greenfields and imagining the sky's the limit when I started in tech in 1998. We aspired to revolutionize, reinvent, and reimagine the world. We strived to rebuild it from scratch, convinced we could optimize the future if we jettisoned the past. But the idealists who said they wanted to improve the world failed. We thought we were smarter than anything that already existed, but we should have started from a basic value already core to medicine: Do no harm.

Tech was touted as a savior but lost its way due to greed and insularity. How do we get back to wanting tech to be a benefit and actually making it one? How do we stop harming people and allow everyone to benefit? Diversity and inclusion is a path to save tech and could have prevented a lot of problems. If tech had been more diverse in contributors and if people had listened, we would not be stuck here today. I believe people would have seen these problems in advance—and avoided them.

In the early days, tech's potential seemed glorious, positive, meritocratic, democratic, and unlimited. Silicon Valley was pitched as uniquely "pure"—almost altruistic. It was a counter to Wall Street, which back then was the high-powered job goal for new MBAs: It was a fast track to generational wealth, prestige, power, and influence. The bad people joined Wall Street; the good people joined tech. We talked about technology's power to democratize by giving everyone access to everything: information, education, communication, you name it. It would connect all people to all other people for whatever reason they wanted.

The biggest example was Google, whose initial goal seemed clear and virtuous: "Organize the world's information and make it universally accessible and useful." Its better-known corollary was "don't be evil." It had lofty goals, like digitizing all the books ever written. Apple is another leading example; it launched the iPhone in 2007 as "the internet in your pocket." We lauded them for their ambitious goals and moon shots.

The situation, and our perception of it, started to get cloudier and uglier a decade later. Over on Wall Street, investment bankers' ability to generate wealth seemed to dissipate overnight. After the stock market dropped in 2008, greed turned into layoffs, bad press (vampire squids!), and for some, big fines and even jail terms. MBAs and other ambitious people redirected their paths to Silicon Valley as an expressway to riches—far beyond any wealth that an investment bank or hedge fund would generate, in less time, without having to have a boss, and without the risk of going to prison. In 2008, Google dropped to a $200 billion market cap; a year later, it had recovered its losses and was worth almost $400 billion. It generated four billionaires in less than a decade. Bill Gates was the richest person in the world for two decades.

To me, Facebook is the biggest example of, and possibly the largest contributor to, greed taking over. As would-be investment bankers looked for another road to riches, they say Mark Zuckerberg become a paper billionaire in less than five years. Its motto seems ominous today, "Move fast and break things." Microsoft's mantra when I worked there in 1998 was the slightly more innocuous "Ask for forgiveness, not for permission."

The third factor in this perfect storm was the corps of venture capitalists, who powered and accelerated this change. I had a front-row seat for seven years as an investing partner at a top VC firm; I saw firsthand how venture capitalists work—and how they fail to measure fundamental decency or hold people accountable. With the rapid success of Facebook, VCs intentionally changed what they were looking for and funding to single-mindedly focus on finding "the next Mark Zuckerberg." We funded the ability to sell a vision, not skills or experience in real-life execution. And it worked for a time. Great salespeople were able to keep raising money to move to the next step: more employees and more new users (no one cared how much they were subsidized). It was always a certain type of great salesperson. As VC titan John Doerr, who led Kleiner Perkins while I was there, told a room of venture capitalists in 2008, successful entrepreneurs "all seem to be white, male nerds who've dropped out of Harvard or Stanford, and they absolutely have no social life. So when I see that pattern coming in . . . it was very easy to decide to invest." He laid a clear path, and others followed.

If You Build It, They Will Come

Buzzwords like "network effect," "social proof," and "thought leader" had bigger impacts than "business model" or "unit economics." The widespread VC philosophy was that scale would provide the answer and solve all the problems. We moved from values to greed. Someone wrote about how it just takes one hot investment to make a VC fund successful, so you should pay up to get in. And VC firms did, driving up valuations across the board.

Instead of looking at ways to change communication, connection, and information flow, we began funding startups that aimed to replace our parents by doing laundry, buying groceries, restocking kitchens, delivering meals, and cleaning apartments. We then funded startups providing the millionaire life with on-call drivers, on-demand security guards, gourmet chefs, and personal assistants. The next trendy investments were startups that made it unnecessary to talk to a human being. We came up with Siri/Alexa/Google voice, startups for telemedicine and online therapy, automated drivers, and home drug delivery. It all became less about connecting people and more about replacing them with technology. These startups, and even the loftier ones before them, haven't been meritocratic, innovative, or at a baseline, ethical. Even the positive benefits cannot make up for the harms they caused. People have been left behind. People are being hurt. Too many are losing overall, not gaining, with technology.

In the rush to innovate, we forgot to pay attention to fairness. Much of Silicon Valley lore centers on eight white men who founded Fairchild Semiconductor in 1957 and went on to build and fund the tech industry. They hired their friends or people in their comfort zones, who were almost all white men. As the tech world grew, the founders became wealthy, and their employees did, too. They founded more startups, and some became investors who funded their friends or people in their comfort zones. And an industry centered on white men started to scale.

Today, the numbers tell the story. While we were told that tech is a meritocracy, the data show that it isn't, not by a long shot. In 2013, Tracy Chou started a project to count women engineers in tech startups. She crowdsourced data from tech companies and pushed them to share diversity reports and demographics. Her numbers for 2013 showed that women accounted for barely 18 percent of engineers at almost one hundred startups.

After that, companies started sharing more data. VC firms started sharing with *The Information*'s VC diversity index in 2015. Its 2018 report showed that the percentage of Black and Latinx decision makers in the US venture capital industry actually fell in 2018. According to Richard Kerby's research in 2018, 82 percent of venture capitalists are male and 70 percent are white. Less than 3 percent are Black, and only two-thirds of a percent are black women. Less than 2 percent are Latinx, and less than half a percent are Latinx women. Also in 2020, All Raise reported that 65 percent of US VC firms have no women partners, and women have only 13 percent of VC leadership roles, barely up from 12 percent in 2019.

The funding numbers are even more dire. In 2017, according to a 2019 RateMyInvestor report, only 1 percent of venture-backed founders were Black, only 1.8 percent were Latinx, and only 9.2 percent of founders were women. Eighty-two percent of founding teams were all-male. ProjectDiane 2018 reported that less than 4 percent of women-led startups were led by Black women and less than 2 percent were led by Latinx women.

The percentage of women—and of women of color from underrepresented groups—is far below representative in entrepreneur fundraising, in tech leadership, at VC firms and the boards they fill, and in the tech workforce. As a result, the percentages of wealth generated by women through equity is a sad 6 percent of the total equity from startups. The cycle continues.

None of the VC firms cared for the first fifty years. It had been that way since the start. White men funded white men and hired white men. It was a self-fulfilling prophecy; as almost only white men were funded, the vast majority of successful entrepreneurs were white men, further "proving" the pattern and perpetuating the cycle. Those white men hired more white men, and here we are. They don't hold one another accountable because they believe the system is working. They haven't paid attention to the disparity in opportunity for others, much less to the harm their products cause to the consumers who use them or are abused by them.

When I sued leading venture firm Kleiner Perkins for sexual discrimination and retaliation in 2012, reactions ranged from skeptical to outraged to dead silence. People called me crazy and much worse. I lost the trial in 2015, but I am proud to be part of a wave of more and more people speaking up. Some shared their stories anonymously in a *New York Times* article. Some wrote first-person essays about their experiences. Others joined an ongoing cadence of litigation. All exposed the fact that venture capital is broken, and the numbers describing homogeneity have resulted in a culture of sexual harassment and discrimination.

The numbers on harassment in the tech industry are damning: 78 percent of female founders said they or someone they know has personally experienced sexual harassment in the workplace. In another survey of women founders, 22 percent said they had personally experienced sexual harassment during their startup career.

This culture permeates the startups that VCs fund. The nonprofit I run, Project Include, surveyed nearly two thousand tech startup employees, and a third said they had personally seen or experienced inappropriate office behavior. Even more troubling, less than 3 percent felt comfortable reporting it. I hear from people privately, and their experiences are even worse than the ones that have been shared publicly. And companies that enable harassment seem to allow all kinds of bias beyond gender.

Unsurprisingly, these problems have manifested on social platforms—most often in the form of online harassment. When the internet was created, we thought we had all the answers and were bringing good to the world. Social platform creators touted "connecting people" (Facebook) and "digital public squares" (Twitter). We now know it hasn't met those expectations. We see women, transgender people, and people of color being harassed and bullied off these forums, especially when they have more than one underrepresented identity. We see election tampering, fake news, and technology-enabled genocide. We see cross-platform, online harassment turning into offline, real-life mass shootings. Hate is gaining traction, powered by tech.

Today, CEOs and founders have changed their minds about their social platforms' initial approaches and even about their platforms. Evan Williams, cofounder of Twitter, has said, "I thought, once everybody could speak freely and exchange information and ideas, the world is automatically a better place. I was wrong about that." The founders of 8chan and 4chan sold their sites, and the former publicly disavowed his, saying, "I sometimes wonder whether creating 8chan was a good thing. . . . Sometimes I think I should have been harder on violent threats." Dick Costolo, during his time as Twitter's CEO, wrote in an internal memo, "We suck at dealing with abuse and trolls on the platform, and we've sucked at it for years. . . . There's no excuse for it."

At reddit, we waited until 2015 to attack harassment on the site. When my team banned unauthorized nude photos and revenge porn, we were the first major platform to do so, and everyone else followed—but it was a longtime problem on all our sites. Now we see that harassment has moved from targeting female engineers starting in 2014 with the Gamergate online hate campaign to female leaders at reddit and female reporters, entertainers, politicians, and athletes. Women of color get even more abuse.

All this results in less participation from underrepresented groups; we've seen Lindy West, Ta-Nehisi Coates, and Kelly Marie Tran leave Twitter. In November 2019, in the United Kingdom, several female members of Parliament announced they were not running for reelection because of online harassment and threats. So much for the digital public square giving everyone a voice.

We see tech companies leaving many groups behind, including employees and contractors. Today, employees are speaking up and walking out over issues of employee equity. As wages drop and startups scramble to find profit in their heavily subsidized models, workers at the low end keep seeing their wages drop. Some are protesting the inequities in tech. Uber and Lyft drivers went on strike in nine cities in March and May 2019. Instacart shoppers went offline for three days in November 2019, with DoorDash and Postmates employees echoing their demands. It's no surprise that the last wave of pre-COVID-19 startups were helping people survive on inadequate income: rent my couch, rent my apartment, rent my car, rent my garage, rent my yard, rent my clothes. Wave after wave of Amazon employees protested working conditions in warehouses hit by COVID-19 infections. In March 2020, Amazon and Instacart employees went on strike at the same time, seeking better wages, sick leave, and safety protections in response to the COVID-19 pandemic. That same month, Facebook made headlines for allowing employees to work from home, but requiring contract workers to show up at the office.

Others are calling out a lack of ethics at tech companies, notably when they sell technology to help the government. Salesforce, Microsoft, Google, Palantir, and Amazon employees have objected to their companies providing software and services for the US Immigration and Customs Enforcement agency (ICE). Two speakers quit Microsoft's GitHub on the eve of its November 2019 global conference to protest. Google and Facebook faced broad criticism when they considered using their customer data to help governments measure whether social distancing policies were being followed during the COVID-19 pandemic.

We've learned that most tech leaders aren't listening. They aren't thinking about the people being left behind, even when their own employees are living in poverty and working in substandard conditions. Exposé after exposé has described horrendous working conditions for Facebook content moderators, Amazon deliverers, Uber and Lyft drivers, and Uber engineers. Lawsuit after lawsuit has attested to racism, sexism, and hate piled on employees at Tesla, Betterworks, Uber, Facebook, and more. The COVID-19 pandemic sharpened focus on disparities in the tech workforce as company after company failed to provide protective clothing, sick leave, or hazard pay for employees critical to getting necessities to customers sheltering in place safely at home.

But wealth at the very top is growing. Tech CEOs continue to dominate the billionaire listings. Jeff Bezos has the highest net worth, at over $100 billion. It's hard for them to acknowledge the problems, much less do the work to solve them. Again and again, we hear in the tech community that tech leadership will only react when public press calls attention to a problem, and often they respond with platitudinal apologies and vague, usually meaningless promises to fix things, or with a tax-favorable donation measured in basis points of their fortunes.

Is this really the best that tech can do? Obviously not. We need to go back to basics and rethink our values. We can and should focus on the principle of "do no harm." That means: Consider all costs. Create lasting values. Measure and hold ourselves accountable for harm to employees, partners, consumers, the environment, neighbors, and the public community.

Most importantly, bring in diversity at the highest levels. Research shows that diversity ultimately results in better decisions and creates more value. CEOs have acknowledged that diversity and inclusion improves the culture for everyone. The urgency to change is accelerating because VCs, tech leaders, and tech companies are now getting more public and government scrutiny.

Why can't our ambitious goals and moon shots include fair and equitable companies? What would that look like? How do we include all our employees, partners, and communities? How do we bring that go-big-or-go-home attitude to inclusion and accountability?

We can. We just need to hire people from all genders and races at the top, from the boardroom to executive offices. Only then will we make sure that people who use tech products will be paid fairly in wages and equity. We need to eliminate NDAs and forced arbitration so people can continue to litigate and share the stories that are catalyzing change. We need to look hard at the technologies that are increasingly invading our privacy, and the algorithms behind them, to avoid making the same mistakes in this next wave of innovation. Only then can we be sure that we are doing our best to do no harm.