

The Dot-Com Bubble Boomerang

For some, the second time around is twice as nice. Let me tell you a story. It was a decade ago that the dot-com bubble shattered. To many, those 10 years feel like a lifetime ago - and now a fresh generation of post-bubble entrepreneurs with little use for the bad old days has taken over the digital marketing industry. Except that it isn't true.

Much of the industry is actually being propelled by founders who launched their first start-ups when the Internet was on training wheels. Now they are on their second or third or fourth venture. These serial entrepreneurs still have the fire in their bellies, but they also bring a certain Bogart-and-Bacall unflappability to the messy task of starting a company from nothing. Bolstering their confidence are trusted colleagues who've followed them from the early days. They also marvel at new tech tools that help them develop their ventures with unheard-of speed. But that doesn't mean the game has gotten any easier.

Here are three start-up founders who are trying to solve riddles in social media, targeted search and strategic data analysis. They represent hundreds, maybe thousands, of digital entrepreneurs 2.0 shaping the industry - again.



Kate Everett Thorp, 40

Then | Lot21, founded 1998

Now | Real Girls Media, founded 2006

After years of buying online media space for digital advertising clients, Thorp decided to start a media company herself - with a twist. She took the name Real Girls Media because the content in her new San Francisco-based company was to come from users themselves, rather than professionals. The concept put Thorp squarely in the forefront of social media four years ago, around the time that Facebook was first hitting the scene with about 12 million users. It was a familiar pattern for Thorp: Her first venture, Lot21, was created to buy online media for advertisers - mainly because almost no one else was doing it. Lot21 was sold to Carat Interactive in January 2002 for a reported \$1.8 million in cash and about \$9 million contingent on revenue goals.

After a stint as president of global ad services at AKQA, Thorp started San Francisco-based Real Girls and its marquee site, Divine Caroline, with \$6 million. The money came from Walden Venture Capital and 3i, former investors in Lot21. "We introduced a non-blogger's blog for women who had a voice and wanted to build a

community. We gave them a place to put their thoughts and brought people to them," Thorp says. In November 2008, media giant Meredith made a minority investment in the two-year-old company and combined their sales teams, with an emphasis on branded content.

"The basics went faster" the second time around, Thorp says. "I had a binder in my head about how to create a company and did the steps quickly. I also got a chance to apply lessons from the first time." Such as? "When it comes to feedback, I need to remove myself because I may not be the consumer, I may not be replicable. Better to get to market and get feedback there," she says. There's also the realization that while nothing is easy, after your first start-up, "the bruises aren't as big. You are hobbled by them, sure, but you expect them and you keep pressing on."

OUR LUCKY BREAK "We got the target demo correct. When the recession hit a year after we started, our audience of women continued to be a desirable target to advertisers."

BIGGEST WASTE OF TIME "Unnecessary delays from corporations that are unable to move quickly. Time is expensive for young companies. Instead of doing something when it is convenient, do it as soon as possible. If you haven't heard from someone, pick up the phone and call them."

MY TRUE TALENT "I'm not afraid to make mistakes and when I do, I admit to them. Along with that goes my willingness to make decisions and stand by them."

I'D ASK OTHER SERIAL ENTREPRENEURS "Everything we do seems so vital. Of all your responsibilities, what would be the first thing you'd give up?"



Usama Fayyad, PhD, 46

Then | DigiMine, founded 2000

Now | Open Insights, LLC, founded 2008

Data-mining guru Usama Fayyad went from exploring and analyzing databases at NASA's Jet Propulsion Laboratory to doing the same for Microsoft, and then he plunged into his first start-up. DigiMine, now called AudienceScience, was started in 2000 because Fayyad saw corporations waking up to fact that they "had more data than they could handle and needed help to interpret it," mainly to aid in their own marketing, he says.

In 2003 Fayyad branched out with DMX Group, an offshoot of DigiMine that offered data strategy consulting. He sold DMX to Yahoo a short year later and assumed Yahoo's newly created post of chief data officer.

Four years passed and he was itching to rejoin the start-up world. "I wanted to show companies how to use data to drive business strategy, such as launching new businesses," he says of his new Seattle-based consultancy, Open Insights.

Going from being an executive vice president at Yahoo to doing everything from scratch again was tough. The upside was that his latest start-up had a battery of social media and other tools to get the word out about his work, keep him connected and help him identify the right person on the client side. He says he has also learned a thing or two about investors. Don't take funding too soon, he warns. "It's better to grow organically and build meaningful equity." That way, the team understands that "cash is precious." As the economy declines, "investors are hesitant, thinking that if they wait they could get more for less," Fayyad explains. But as things hit bottom and go up, investors become motivated, because they worry the price will rise if they wait. "Time is on our side," he says. "At a start-up, if you can hold your breath longer" it can really pay off.

BEST SOURCE OF GUIDANCE "The first time, I gave lip service to the importance of mentorship. The second time, I realized the more you know, the more you need mentors. I go to prior clients who I've built relationships with. They can give you a view of the market that you can't see."

BIGGEST WASTE OF TIME "Setting up the infrastructure of our new company - the accounting system, legal filings and renting the frigging office space. You plow through it, but you are not using your talents. I wish the process was bottled and I could tap into that."

GOOD PLACE FOR A QUICK MEETING "A café away from the office for a breakfast. You don't have office distractions, the caffeine gives focus, and you know time is short."

I'D ASK OTHER SERIAL ENTREPRENEURS "How do you know the right time to exit this business and start the next one? I always feel like I'm leaving too early, but if I stay too long, I'll miss the next wave."



Bruce Carlisle, 52

Then | SF Interactive, founded 1996

Now | Conference Hound, founded 2008

Try Googling conferences in New York in July and you'll see the reason for Conference Hound, a directory site to help people compare when and where conferences are held. Founder Bruce Carlisle says the new company aspires to be "the Kayak of conferences," referring to the popular travel search site. Seeing a simple solution to a problem that is just about to surface is Carlisle's strongest talent, which he honed at his first start-up, SF Interactive. "We were a digital agency that offered Web marketing when other shops only built Web sites." The shop swelled, then shrank with the dotcom crash and ultimately was sold in a stock swap to ad agency Butler, Shine & Stern in January 2003.

Now, to fund the San Francisco and Austin offices of Conference Hound, Carlisle runs marketing consultancy Digital Axle that puts all its profits into the start-up. Compared to his first venture, it has been easier to figure out the concept, brand the site and stay lean and mean, says Carlisle. His track record has also attracted top-notch advisers such as Robert S. Sherman, former president of interactive marketing at America Online.

But "getting the tech right" is proving to be a bear, Carlisle says. He had to replace his first team of developers who previously built sites for the federal government. It seems they had trouble with the flexibility that a start-up needs. The new team is far more promising. No matter how many start-ups you do, "the truth is, the learning never stops," Carlisle adds.

THE BIGGEST WASTE OF TIME "The time I've spent chasing VC would have been better spent improving the site. There is a perception issue. Investors like a fresh-faced 23-year-old from M.I.T. Interestingly, among online publishers in New York, having some gray around the temples is helpful."

BEST PLACE FOR A QUICK MEETING "I still meet an awful lot of people at a nearby Starbucks. But some meetings are never physical, just on Skype."

I'D ASK OTHER SERIAL ENTREPRENEURS "How do you pick what to focus on? As an idea person, I know that if I try to pursue all my ideas, I'll get nowhere. But the focus is a challenge."

IT WAS TIME FOR A NEW VENTURE "I was working at someone else's agency, where it was common for staff members to bring their dogs to the office. One day a dog crapped outside the conference room just before a client meeting. I decided then and there it was time to go out on my own again. Which is funny, since my new company's brand is all about dogs."

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