



Oral History of Alan Patricof

Interviewed by:
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Hancock: Today is August 29th, 2018, and we're here in the home of Alan Patricof. Thank you so much, Mr. Patricof, for sitting for an oral history with the Computer History Museum. It's really a pleasure to have a chance to talk with you. So I'd like to begin by asking you a few questions as you look back on your professional career for some thoughts. The first is you've had decades now of an incredibly productive career. What is it that has been the driving force that keeps you continuing to work as an investor?

Patricof: Well, I think obviously if someone is working at my age-- I'm 83 now-- you have to have a lot of energy, so it starts out with having a lot of energy which you have to dissipate somehow. And you also have to have, I believe, an enthusiasm for life and a curiosity, which I think is absolutely the key word that makes a venture capitalist. You have to be curious to always want to find new things. And I think that I stay active because I want to stay relevant. I think that unfortunately people who leave their work environment early, many succeed but there are many people I know who kind of waste away and lose their relevancy in every aspect of life. So I keep going because that's just my nature. I don't give up; I just always look on the positive side.

As I say, I've made it public-- I've broadcast this publicly - that I intend to live to 114, and I picked that year because I heard a gerontologist once say that we could all live to 114. The only reason we don't is because we have prostate cancer or tuberculosis or pneumonia or a hip replacement. All of these things subtract from 114. Well, I've had many of those, but I still like the idea of 114, so I really have my psyche adjusted and I'm serious about this. I've set a goal of 114 and if people laugh at me they can come to my funeral and laugh there; that's assuming they're alive when I die. And I live my life in a very aggressive, positive fashion. I think the best analogy is if it's raining I don't carry an umbrella. If I want to get across the street I don't pay too much attention at red lights, I weave between cars, and I wake up every morning with a positive attitude. So if you do that and-- plus I'm physically very active in all my physical activity-- I just came in from a 22-mile bike ride with one fellow 42 and the other one 34 and I kept a pretty close pace with them. And so that's how I live my life, and that's how I've always lived my life. Here I am today in perfectly fine physical condition, fine mental condition and with a very positive outlook and I am looking forward to the next 31 years.

Hancock: Well, I would love to make a date 31 years from now for the museum to come back and do the next installment. That's fantastic. So as you reflect back on these years of your productive work, you've worked in venture, you've worked in public service, you've worked in philanthropy, what are some of the most significant areas of impact that you are grateful that you've been able to work in?

Patricof: That's a pretty big question. I mean I could take hours to give you the answer. I think if I-- I just would ramble on. I don't know how exactly to answer where-- what-- where I look back and reflect on what-- I've had so many positive elements. I mean I've been, very fortunate. Everybody they talk about what was your biggest problem, what was the biggest crisis. I haven't had too many crises in my life. I'd say the only crisis moment I've experienced is my wife's health, but other than that I really have been very lucky. My family is well, my businesses have succeeded-- my personal business, not every company I've invested in has succeeded unfortunately, but since I started my business in 1970, I have never had a losing year and that's pretty good

Hancock: There are very few people that could say that.

Patricof: Yeah. Well, people ask all the time about your setbacks-- I honestly can't say there have been setbacks. I would say the business-- the venture business has had some very tough moments to it and many of our companies have had problems-- that goes along with the territory-- but in terms of my own economic success, I have no complaints. And I may have erred on the side of sharing it with all my fellow partners to an excess, that's just the way I built my business-- my first business and my second business and so along the way. I've run a very ethical life and still do. I don't borrow money; my father taught me that I don't owe anybody money. I never had a mortgage, never took out a loan for anything; I'm fortunate to be able to say that. Never sued anybody, never been sued. And I think those are the things you can leave as a legacy to your family at least and I built two pretty big businesses along the way that have-- one of which is proven, it's long succeeded me, and the other one I'm still in process.

Hancock: Well, thank you for summarizing. I'd like to follow up that by getting your viewpoint on some of the people that you've worked with. You've been an investor with many remarkable founders; you've been partner; you've served with many people. As you think about some of the key people that have either influenced you or that you've been able to be a partner with who would be some of the people that stand out in your mind?

Patricof: That's a hard question. There have been so many. I was fortunate to work under several people who were quite unusual from the very first job I had, which was a firm in the investment-counseling business run by an economist by the name of Ragnar Naess. And then I worked for a interesting man in the area of development capital before there was venture capital; it was in the late '50s. And then I worked for an unusual man by the name of Arthur Ross who ran a family-investment vehicle and I was the number two and I was with him for seven years. I learned a lot under him, and I left because I didn't see him retiring, and so I thought I would be number two the rest of my life. I was very prescient; he died a year or two ago at 96 and he worked the entire time he was there, so I would still have been number two and I left him in 1968 so that's 50 years ago. <laughs> He's left a big legacy behind him in terms of organizations and edifices.

But one of the most interesting people-- I can't say that I necessarily learned a lot from him - but one of the people I admire is the first investment I made when I started Alan Patricof Associates in 1970 was a young guy-- very unlikely young guy -- who didn't go to Harvard. I think he went to NYU actually, and he was in the scrap-metal business. We invested a couple of hundred thousand dollars with him. And without going through all the machinations, I just saw him the night before last. He has a 200-foot and a 160-foot yacht parked over here in Sag Harbor, and he flew in on his Challenger from his plant in Texas. He's built the largest metals-recycling business in the world today. It all started with a \$235,000 investment. So, I kind of think that's a pretty good achievement.

And I think the fellow who started my cellular company, George Blumenthal-- actually there were two guys, George Blumenthal and Bill Ginsberg-- had the vision of what the cellular industry could be and that was really, really early on. I think the penetration in this country is probably 103 percent; everybody has one and many people have two. They had this vision of what cellular could be but they had no idea,

nobody had any idea, of how big it could be. And that was-- I think that's something-- I admire them. I always consider that one of my best successes of any of the entrepreneurs I worked with.

Hancock: You mentioned that you have this insatiable curiosity and intense interest in staying relevant. As you think about technology trends as they're changing, what are some of the things that you find that are on the horizon that are going to be forces for change going forward?

Patricof: Well, I think that we've been involved with data for a very long, which has changed the way the world has gone. I remember when AT&T predicted data taking over from voice. I think we're at a period where voice is going to, not necessarily take over from data, but I think voice is becoming more and more important in terms of how we give commands to our television set, to our computers, to our car, opening and closing our house, controlling elements in the house. We've seen it with Alexa and we've seen it with Google Play. We've seen it with a lot of-- everyone wants to get into it now. And I think that-- we've invested in the podcast business. I think it's probably the least technology of the field but is nevertheless playing on the whole idea that voice and audio... I also was involved with the start of Audible, and that may have marked the point in time, which was around 1996. If I recall, that was highly speculative at that time; no one thought that books could be-- or anything would be listened to in an Audible fashion. Today I have friends who can't live without having their Audible to carry them through the day.

Hancock: And so many of these companies that you invested in you were at the very early part of a wave that was to follow in cellular, in personal computing with Apple and AOL, with digital media. What do you attribute your ability to be prescient?

Patricof: Accidents. I mean I don't want to attribute it to great prescience. I've looked back at it myself and I can think of a whole bunch of things that I was-- very early on most of which did not succeed because they were so early. One of my second or third investments was in a company called Network Analysis Corporation, which was a group of 12 people who came out of DARPA, the Defense Advanced Research Projects Agency of the government. They were working with a guy who was-- in many respects really the founder of the Internet, a guy named Larry Roberts. He was not part of this company, specifically, but he was the mentor to these people and they were the forerunner to the Internet. It was called packet switching and it was the first attempt to connect people, but it didn't succeed. We invested in one of the earliest artificial-intelligence companies called Symbolics in 1984. I invested in the first virtual-reality company run by a guy who's now kind of considered Mr. Virtual Reality, a guy named Jaron Lanier, and he didn't succeed. So sometimes things are too early.

Hancock: Timing is important. So I'd like to ask you to take us back to when you were born if you could for the record say when you were born and where you were born; I believe it was in Manhattan, upper-West side.

Patricof: Those kind of memories are easy to come by.

Hancock: --tell us a little bit about your family background.

Patricof: I was born in Manhattan, and I lived on Central Park West, in a building on 101st Street. The reason I mention this is because we moved three or four years later to another building on Central Park West that was three blocks north, and then after another three or four years we moved twenty blocks south. So I lived my entire life growing up on Central Park West on the west side of Manhattan so I am-- as we describe in New York -- I'm a west-sider. I went to public school until the sixth grade, and then I went to a boys' preparatory school called Horace Mann School for Boys. It's now called Horace Mann School because it's co-ed, but at that time it was just a boys' school, where I was trained to wear a jacket and tie every day. That disease has stuck with me for the most part, although today I take off the tie frequently. I still can't get used to not going to work in a suit.

And I went there for the full high-school, and then I had my dreams of going to a certain school. I didn't get into that school. At the last minute I graduated from high school without a college, and so I applied de novo in June to four colleges and decided to go to Brandeis, which was a pretty good school. And I went down to a preliminary meeting for parents and students and when I went there I was so overcome by the religiosity of the crowd-- this would have been the second or third class in Brandeis, which was much more Jewish then. And I came home and decided I'd put another label on my trunk and I went to Ohio State, where my father had gone a couple years. My father was originally from Russia but lived his life-- all his life from the age of six in Middletown, Ohio. So it seemed like a logical place when I was not happy with all the selections that were available. And I went through Ohio State in three years and did very well. Coming from Horace Mann, you're pretty well prepared for all the AP courses-- and I graduated from there and took a job in New York.

Hancock: Before we go to your first job, I'd like to ask a little bit more about your family background. You mentioned that your father was an immigrant and can you describe a little bit of the milieu of your home? What did you do together? Who was in your home, the ideas that were part of--

Patricof: Both of my parents were immigrants. My father I know more about because I recently was in the Ukraine. I had been asked to make a speech in Kiev. I decided I would do it because it gave me an opportunity to go and see where he was born, a little town a hundred miles outside of Kiev called Smila. They left there in the pogroms of 1907. His mother and father had both died of natural causes. There were five or six brothers and sisters and I don't know how they did it, but they got from Smila to Rotterdam. I have the ship's manifest that they were on. They sailed or steamed to Ellis Island and from there-- they were accompanied by another distant relative -- and they got on a train and went to stay with my father's mother's sister, his aunt. He lived his whole-- entire growing up in Middletown and Dayton, Ohio, with his five brothers and sisters plus another orphaned family. He was in a household with fourteen children and one person was taking care of-- she only had two of her own; the other twelve were-- she assumed responsibility for. And my mother came from someplace in Russia also, but we don't have the records. She was one of four, three girls and a boy, and they came over here and grew up in Waterbury, Connecticut. I don't know what ship they came on. And then in my own home was-- my father and mother were both poor and they-- but they managed to get through.

We didn't live in poverty by any means but nothing was easy. As I like to say, I never was in a taxi or in a plane until I was in my twenties. They shopped efficiently. Our vacations were all by car. We would travel down to Florida for whatever it is, 24 hours, stopping in-- at whatever they were called, motels in those

days, and sleep five of us in a room. And our vacations were going to Vermont, going to Canada or going to Florida. I'd never been to California until-- I don't remember-- in my late-- mid twenties so it was very narrow. I didn't take trips to Europe; I didn't know what that was even. I never knew what golf was; I didn't know what skiing was; all our activities were in the neighborhood. And I'd say we lived a family life growing up. Sundays were going to visit relatives; that's what Sundays was for. Saturdays my father worked and I would go down with him often. He was in the remnants business, which are piece goods, a yard and under, and it was very hard work and he had a-- I don't know whether you'd call it a store or a business on Bond Street which today-- you probably could have bought the entire block for what one apartment on the block costs today. It's in the west side of lower Manhattan, Second, Third, Fourth Street; Bond Street's right in between there. It's now extremely gentrified with restaurants and high-rises. But in those days it was a lot of people like my father, who were scraping together to make a living, and moving piece goods around to the people who were manufacturing clothing in that whole downtown area. So it was perfectly satisfactory growing up but definitely not luxurious.

Hancock: When you think about your own education and your curiosity and your work that ended up being in finance do you see seeds of that in your childhood or did that come later?

Patricof: Well, I guess I did evidence it along the way. I mean when I was six I stood by the subway stop and sold The Saturday Evening Post for a nickel, standing with a bag around my neck. Also in college, I worked paying my way doing various things, selling fraternity favors, selling ties, doing market research and I worked every summer for Western Union, Burlington Industries and other jobs.

Hancock: What did you do for Western Union?

Patricof: What do you think people do for Western Union? Delivered—

Hancock: Did you deliver messages?

Patricof: Delivered telegrams; <laughs> I definitely delivered telegrams; I didn't work in the office. And my most interesting job in my summers was I worked for Burlington Industries. In the old days, they had Dictaphone machines with tubes that they would scrape after each dictation. Instead of recording a record like this it was tubular, and people would speak into a microphone and my job was to scrape the used tubes. And during the war I collected newspaper for the war effort. I collected tin cans for the war effort. I guess though all these things collectively packed up I guess entrepreneurial characteristics. I would say they all led to something. Plus I guess my father encouraged me, but I didn't follow in his footsteps.

Hancock: And you mentioned he encouraged you. In what ways did he encourage you?

Patricof: Well, to make a living <laughs> and it was the Depression, so he lived his life and imbued in me this idea of not borrowing. Spending within your means. I wish I could convey that to my children and grandchildren.

Hancock: Children and grandchildren. Those are lessons that should be passed on. So let's take it back to--

Patricof: Very old-fashioned.

Hancock: I was raised the same way. You finished your undergraduate career and then you went to business school at Columbia?

Patricof: Well, I went and got a job and when I had the job, the person who was head of it was very friendly with the dean of Columbia Business School and he encouraged me to enroll and to get an MS. He let me adjust my work schedule such that I could take afternoon courses-- not night courses but afternoon courses -- and pursue my degree while I was still working full time, which was very helpful.

Hancock: That's very challenging you did those simultaneously so what was the job that you were doing at that time?

Patricof: I was in the investment-counseling business; that's how I started.

Hancock: So then you finished your degree ... was there anything that was significant during that time in terms of mentors or skills that changed, or did you continue on the path that you had started on as an investment counselor?

Patricof: I would say that I learned the fundamental principles of investing and security analysis. I became, I don't want to say a disciple, but I certainly practiced the principles of Graham and Dodd, which is the fundamental book on security analysis, which was what led to value investing, which is what Warren Buffett is a-- definitely a disciple of. I subsequently later worked for someone who was part of that Graham, Dodd-- it was actually a Graham and Dodd started a firm called Graham-Newman, and I worked for Newman later on, not in Graham and Newman but Newman himself.

Hancock: I'd like to ask you now about some of these people who you mentioned were your influential-- Ragnar Naess at Naess & Thomas and Arthur Ross. Could you say a little bit more about your role with them and some of the initial projects that you worked on with them?

Patricof: Well, I was very young. You're asking me 1955; that's only, what, 63 years ago if my math is good so-- but I just remember that Ragnar was a very-- when I think of him besides being a lovely gentleman-- he must have been in his sixties at the time I worked for him-- he was very, very disciplined in fundamental analysis and his two partners were. So I was indoctrinated from the first day fundamental analysis of investments, which I have to tell you in a way distorts and detracts from venture capital, which does not have the ability to use all these basic principles of investing. It can get in your way sometimes because of thinking of fundamentals and sometimes you do a lot better having discarded fundamentals in the venture business.

Hancock: So how do you resolve that because the venture business doesn't have all that same data

Patricof: Exactly.

Hancock: In your own mind, how do you balance those different approaches?

Patricof: I think it makes you the conscience of everybody else and trying to say, “At the end of the day, everything gets sold based on cash flow and dividends. At some point, the shareholders have to get paid back. They can’t just be endlessly investing in a company; there has got to be some kind of exit.” Now there are exceptions, I guess. The Rockefellers held on to Exxon-- Standard Oil – forever, but in most situations that are continually drawing on successive rounds and depending on investors to keep on financing things sooner or later someone says, “Does the emperor have any clothes?” But along the way I’ve been involved with some companies that do have fundamentals at some point. <laughs>

Hancock: I read about-- I wonder if this is a true story or not-- about you getting your first job on Wall Street by walking floor by floor.

Patricof: Yeah.

Hancock: Would you mind telling us that story?

Patricof: Sure. There were no headhunters and having been a graduate of Ohio State, they weren’t recruiting at Ohio State. Certainly not Goldman Sachs, or whatever the firms were at that time. So you had to get a job by old-fashioned shoe leather and you’d read The New York Times for the classifieds, but this was-- in 1955 Wall Street finance was not a big area of interest, people were more interested in working for Bloomingdale’s. But I knew I wanted to be in finance, and Wall Street was finance, so I just went down to Wall Street and took the elevator to the top floor and walked down from floor to floor asking if there were any open jobs. And I was lucky it worked. I can’t remember whether this was the first, second, third or fiftieth. I do know that we were on the 35th floor, so it was close to the top in that particular building. You could walk down the fire stairs; you didn’t take the elevator. Today you can’t get into a building, so that approach is impossible today.

Hancock: That’s quite a remarkable story, you knocking on the--

Patricof: Survival, determination.

Hancock: That’s right. So I’d like to fast-forward now. We’ve talked a little about your early work and you mentioned that you were I believe working on some private family investments, but you made the decision to strike out on your own.

Patricof: Well, when I left the private family, I was recruited by Mickey Newman who was from the-- Graham-Newman discipline -- and I went to work for him. He had been chairman of the board of a company called Northwest Industries on the New York Stock Exchange and he recruited me away. Of course he knew me from the family group I was working at. He enticed me with the idea I’d be going to work with him and running their pension fund and also helping him acquire companies, so it was an interesting job opportunity, but I found out after I was there that while he owned 20, 25 percent of the company, and he was chairman of the board that there was another guy in Chicago who was called president and chief executive officer and he had 1 percent of the stock. I learned the hard way that “CEO” means “boss” and I was not working for the boss. I was working for someone who was constantly at war with the CEO because he in effect was the major shareholder of the company and felt like an owner

because he had merged his own company into this conglomerate. It was the world of conglomerates then-- that was when I finally decided after about a year and a half there that this was the War of the Roses. It was not going to end.

And I decided, because I had been thinking about this as an ultimate step when I left Central National, the family office, that there was an opportunity to start a business . So I set up a firm with the concept of representing high-net-worth families of which I knew many through Central National. They all had a public stock portfolio but when it came to private investments, they had no experience and no interest. Nevertheless, they kept investing in a whole slew of companies that they didn't know anything about and they had no ability to follow them. So I said I was going to go into business and I would represent these family groups and run their alternative investments for them. At the same time I set up a tiny fund of two and a half million dollars. But I got the taste for this work when I was at Central National Corporation when I started a couple of companies, three in particular, that really set me on this course.

Hancock: What were those companies?

Patricof: One was Lin Broadcasting, the other was Datascope, and the third one was New York magazine. I became ultimately chairman of the board of New York magazine and I was on the board of the other two. And that was my indoctrination into private equity-- the private-investment business.

Hancock: And who would have known at the time that New York magazine would grow to be such an influential—

Patricof: Yeah. At one time, it controlled the social dialog certainly, and political dialog in and beyond New York. But in the end Lin Broadcasting-- which we started with \$500,000, three of us. Not me personally, it was Central National-- many years later got sold to AT&T for \$8 billion. Datascope Corporation, which was a medical-electronics business, got sold many, many years later for \$800 million. We started that company with \$50,000, and New York magazine, which we started with a million dollars in total, got sold to Rupert Murdoch ten years later and-- I don't remember-- the price was something around 15 million.

So they were three successes, and three very interesting companies, and I have to say they whet my appetite for being directly involved with companies, and being able to make a difference as opposed to owning stock in General Motors or IBM where you really can't make a difference.

Hancock: That making a difference and being the person as an investor and as a leader was something that you've carried through. Can you talk a little bit more about Alan Patricof, your company, as it started and as it evolved to —APAX Partners?

Patricof: --name changes along the way. We had several name changes. We also in the early '70s, like '74, set up another operation in parallel which was doing corporate finance, because venture was very tight. There was a very small amount of money under management, very few clients. Enough to make a profit, but not to grow. So I started a separate corporate-finance activity on the side and that provided some additional income and we built the two activities in parallel.

Hancock: The name of that other one?

Patricof: I guess it was called Patricof Corporate Finance.

Hancock: Okay. So you mentioned about your early investment in the metal business. Were there any other early investments that were significant in galvanizing your commitment to finance at the time?

Patricof: Well, We made a lot of early investments. We did the first voice-response company, Periphonics, which I did with Exxon Enterprises in voice response, which today is a big field. There are many, many companies doing it. Periphonics was ultimately sold to I think Mitel but long after we had sold our investment – it went public. RSR, the metal-- lead-smelting company, went public. New York magazine went public. Those were the days you could bring almost anything public at very low valuations and very small amounts of money could be raised. But we made investments in a lot of early-stage companies at a time when venture was not-- they weren't beating a path to our door; I mean you had to go out and really dig up deals, so therefore a portfolio by necessity became rather eclectic.

Hancock: Since you're a pioneer for the venture industry, can you help paint the picture of what the landscape was like at the time for venture investing? It was new. The model itself was somewhat untested. The players were still forming. Can you describe a little bit of what it was like?

Patricof: Yeah. I mean it was a very-- it's hard to call it an industry. I mean it was really people who were doing private deals. I mean Venrock-- I know you're going to see someone from there-- was certainly the-- a leader in the field. The Phipps family, Bessemer Securities, J.H. Whitney; those were the recognizable names. Lionel Pincus had started up Warburg Pincus maybe a year before me. There was a fellow named Harvey Mallement I think who had a firm called Harvest Ventures, who I think is still around. And if you were to tell me names I would reflect on-- I'd probably remember most of them. Greylock I believe was around that time up in Boston. Charles River Partners was kind of around that time, a year before or a year later. And of course there were West Coast names like Arthur Rock and Sequoia. A firm like Benchmark didn't exist; Andreessen Horowitz obviously didn't exist.

Hancock: So much later.

Patricof: Yeah. Draper, Gaither and Anderson, Sutter Hill, Mayfield; those are the names that come to mind as being early in the business. Data Science Ventures, Exxon Enterprises, INCO. Ned Heizer was running Allstate Insurance Venture. I kind of think of him as being a pioneer in the venture business. Unfortunately he's passed away, so you're not going to get a chance to meet him. He died a while ago, but he was very early on. It would be interesting to know what date.¹ And of course everybody related to ARD [Advanced Research and Development] and General Doriot, but you also had the partners of Lehman Brothers, the partners of Bear Stearns, Wertheim, Goldman a little less, that were making investments for their own account and for their partnership.

Hancock: In this array of different people who were really kind of shaping the investments in their firms, did you have a deliberate strategy or business model that you were pursuing or did it evolve over time?

¹ [Editor's note] Ned Heizer dies in 2009.

Patricof: I wish I could say I had a strategy. I mean it was more a question of survival. It was a time, if you said you were a venture capitalist people didn't understand, including your wife, what you did for a living. What you did every day when you go to work. It was very strange. I mean you had to-- you always had to describe it—

Hancock: How would you describe it in those days to people? Do you remember? What--

Patricof: I would say, "We invest in private companies at their early stages, and try to make a contribution to helping them grow with capital and with whatever resources we can pull together." I don't know. You know better than I do what year the National Venture Capitalists Association was formed; I would assume '72 or—

Hancock: Seventies, much later.

Patricof: Yeah, and the industry really, really didn't take off except for a few institutions until 1977, when they the Labor Department passed the law which allowed institutions to make investments in private companies and—

Hancock: That was a game changer.

Patricof: I'm sure you're familiar with Alan Lanoff. I wonder if he's still alive. But he enacted the first legislation in '77-- he was behind it-- that enabled institutions to invest in a venture fund and let the entire portfolio be counted as one investment. Prior to that the theory was that the institution was responsible for the performance of every single thing in a portfolio so they really were scared to death to make investments in a fund which had 20 investments and they didn't know anything about the 20 companies.

Hancock: I'd like to try now to talk about some of the really significant technology companies that you invested in and could we start by talking about your investment in Apple?

Patricof: Yeah. I mean Apple I-- we invested in I believe it was 1979 and we didn't go into a primary; the primary had been done a couple of years before that, which was a small amount of money which I think Venrock had invested in and—

Hancock: That's right.

Patricof: --and probably-- I'm not sure if Sequoia had been in that first round.

Hancock: No, not in the first.

Patricof: I think they came in when we did, which was a couple years later when we bought a secondary interest. We participated along with Venrock and if my memory serves me, it was Peter Crisp who took the deal to a fellow named Tom Unterberg, who ran a firm called C. E. Unterberg, Towbin to put together the financing of this secondary. Tommy called me up and we were just fortunate enough to be on the other end of the phone line. I subsequently met Jobs and Markkula, but really did not have an active involvement with the company. I never have overstated that. We made the investment because I believed

in the personal-computer revolution that was about to take place and they had grown dramatically in-- just two years. They had performed brilliantly and it was a very exciting concept. I can remember another computer company starting around that time, a company called Magnuson Computer that went bust. I can think of many other companies that were formed at that time that went through a difficult time, all the disk-drive companies that got formed, but Apple succeeded.

Hancock: You were also involved with the precursor to AOL, Quantum. Is that right?

Patricof: In AOL I had much more of an involvement.

Hancock: You were more directly involved?

Can you talk about that decision?

Patricof: Well, I had met Jim Kimsey. Jim Kimsey came to me as CEO of Control Video Corporation, which was started by Bill Van Meister who was a technical genius and really had the concept of an online service on which people could play games, could chat, could find information. Bill had all of those ideas, but the problem was at that time people couldn't use telephone, cable was not really active at that point. You didn't have satellite transmission, so how did you get devices into people's homes and how did you connect with them? It's sad because he ended up dying relatively penniless after he tried to do a lot of things. He created something called SportsLine and InfoLine and PlayLine and everything was something-line, and depended on Commodore computer. It was considered a toy before Apple had come out and Bill wanted to really focus on games, game playing, between people, and he never succeeded, he raised the money and went broke, but he didn't actually go bankrupt.

They kind of put his original company, which was Control Video Corporation, CVC, in limbo while they formed a separate entity. The original investors, who were Dan Case, who was at Hambrecht & Quist, and Frank Caufield and-- I'm trying to think who the other two were. There were four people who put up the original capital to start the company and who were involved in it. His brother, Steve was looking to do something new-- I think he had been with Procter & Gamble-- and so Dan convinced him to join CVC. And then what happened is I actually—in my head thought CVC had gone bankrupt, but it really hadn't gone bankrupt. So I very often said I took it out of bankruptcy. I didn't take it out of bankruptcy; they just restructured the company and kept the original CVC in limbo and no one's ever told me exactly how you do that, but someone would say it was taking assets out of a company with some basic technology. I don't even know it was patents particularly but the technology which he developed, which he called The Source, he tried-- he raised a couple of rounds, but it just never made it. And so I came in at a time as I say through Dan Case who then interacted with Jim Kimsey and participated in a financing which included INCO as investor and Citigroup Ventures, a guy named George Middlemas. We all participated in a round -- I don't remember the size-- you may have more of the facts than I do at this moment-- and I became involved. Jim Kimsey asked me to go on the board and I said that I didn't think we had a big enough interest, and that it was going to take too much time going down to Washington and they hadn't sorted out their problems, but I was an active investor.

And then what happened was that we had an investment in a company in Albany called PlayNet, which were three guys who had come out of GE, and they had developed a technology which was also for using packet-switched network to create chat. And I introduced Playnet to -- although I must say I read some people who've written about this and I think in that particular case my role was not perfectly defined but I don't think fully understood -- but Jim Kimsey knew it very well but he's dead now. Jim will often say that I am the single-most important person that was responsible for AOL still being here today. Steve Case might say he was around, but I brought PlayNet to them, and they licensed the PlayNet technology.

Many, many years later Jim Kimsey kind of quietly said to me, "Alan, you won't believe it, but the basic core technology of AOL to this day is the PlayNet technology and the PlayNet guys made nothing out of it". And we made nothing out of PlayNet going in, but with that it-- it's how I got involved in everything and invested in AOL. And then at a later stage-- I don't know how much, a year later, two years later-- I'm the one who introduced them to Apple, which again is not known, and the person I introduced was a guy named Pepsi-- that was his nickname I guess-- Pepsi [AI] Eisenstat and I got Kimsey together with Eisenstat and out of that came AppleLink. So I played a key role without being on the board or being actively involved or getting any kudos for it, and with no financial reward. We made our investment in America Online and after it went public we sold our stock at some point and-- I don't know-- we did well but nothing like the \$185 million or whatever they sold the company for 20 years later.

Hancock: Well, thank you for sharing that and for getting it on the record. This role that you played, that you're describing it's not just giving financial support; it's really helping connect the right people and the companies and helping them understand the market. And when you think of your role as a venture capitalist, how would you characterize that? The companies that you've invested in -- what were some of the other kind of roles that they would look to you for besides the capital?

Patricof: I think a venture capitalist is kind of a friendly ear; I mean in the dark of night or when things are bad, to have someone you can talk to. So it's not necessarily your partner, but in a way your partner, but a partner who's available when you want him. I feel very strongly in the fact that a venture capitalist should stay out of the way and only speak when spoken to. Not everybody would agree with that but I think that getting too involved in the day-to-day operations is not healthy. I've been on boards where some of the venture capitalists wanted to meet with the CEO every week; I think that's a terribly destructive thing. I had a situation with one of my own partners who became chairman of a company and the next thing I knew was he was fine-tuning every single thing they were doing. If a venture capitalist has to come in and do the marketing and has to run the factory... In this particular case this person I mentioned, just because it's so dramatic, it was a hamburger chain and he was controlling what the temperature was that they cooked the hamburgers at. And the only reason I found out about it one day is I got a call from one of the directors who said-- I won't use his language on tape -- but he said, "Get rid of him".

But when that happens I've always said that a CEO-- a good CEO would say, "Here is the key to the front door. You run it." So I think that "speak when spoken to" helped when,,,, I'm always available and people will call and —most of the time I think the best thing a venture capitalist can do-- again I'm not necessarily in the majority here-- I think the best thing a venture capitalist can do is to help open doors for young companies at a level that can make decisions. Because the hardest thing for a young company is access

to a decision maker. They can get in the door, but they're getting in at a very low level, and they have to kill themselves going up through the ranks to get someplace. And if you can get someone to hear your story...And we spend a lot of our time at my current firm, Greycroft, doing exactly that -- arranging for companies, whether it's product or service, to get access to the right people. And then to help them on structuring deals: how do you come up with a structure that makes sense for a relationship?

Hancock: Well, thank you for sharing that. I'd like to also ask you about the venture-capital model that you took from New York and the East Coast and took to Europe. You were very early in looking for deals there

Patricof: I would say Peter Brooke was probably first and we were second although I didn't copy him; It just-- we were both on parallel courses. I learned that from reading his book; we just seemed to be doing the same thing and had the same experience. We tried to export the venture model abroad, and what he learned, which I learned-- I found out from his book, is that the venture-capital business as we know it here, had a great difficulty in Europe because the whole psyche, the risk-taking mentality was so much different than it was here. Failure is handled so badly over there, failure really can be your death knell, whereas in the U.S., failure is kind of a badge of honor. And I was very, very fortunate to meet one person in particular-- but then two but one in particular who I met here and who had a very similar vision to what I had. He was in the corporate finance business at the time but wanted to be in venture clearly—

Hancock: Is this Ronald Cohen?

Patricof: Yes Ronald Cohen wanted to bring venture capital to Europe and we started out together. I told you I had a corporate-finance subsidiary. We started out in our relationship working with our corporate-finance activities in a very simple fashion. The deal was very simple. The person who originated it got 20 percent off the top and everything else got split 50/50 no matter what work was done by whom and that prevailed. We never had a word of disagreement about that, and the idea was to get in the venture business right from the outset and that was '76, '77, but we didn't get into the venture business until 1981. The industry wasn't ready, and I'm not sure it was even ready in '81 or in '89 when we added a German firm. He had a French and an American partner; they had met in Harvard Business School. The American partner was in Chicago and he decided to go back to teaching and so Ronald tried to get me to succeed in getting-- being part of this triumvirate, which I was for the corporate-finance business, and the idea was I would bring Alan Patricof Associates to Europe, and get them into the venture business. We got into the venture business in '81 in London, in '82 in France and then in '88 or '89 I was approached by two young guys out of Germany in Munich and Zurich, one had been at the Harvard Business School, the other had been at St. Gallen. They were in corporate finance and wanted to be in venture capital and I brought them into the arrangement. And I decided when I was going to Europe I didn't have the interest or the time or the ability to manage disparate offices because I think it was very hard to have multiple offices. So I started with the concept that they could each own their own businesses and I would benefit financially and we would use a general name together. In the corporate-finance business we used the name MMG Patricof, which all countries used, and then in venture capital it was Alan Patricof Associates. So all our funds were similar, but each one had responsibility for their own country in running it and carrying the overheads.

Hancock: So was the decision then an individual decision, but you split it the way that you described or did you have something similar to partner means whether it was in discussion--

Patricof: I played an important role as being a member of their decision committee. There was a lot of deference at that time to my thinking, but at the end of the day they were encouraged. It was their funds, but we had a mutual interest in each one succeeding, and there was a lot of very close friendship and we worked very, very well together. That partnership lasted for a long time and-- it wasn't a partnership-- That interrelationship lasted for a very long time with many manifestations and modifications and amendments along the way, all very amicably and to the point where the name was changed to Apax, which was Alan Patricof Associates International; that was the 'x'-- actually cross border was the idea; that's what the 'x' was for. And they changed the name in Europe initially, but the American partners didn't want to change it, because my name was pretty well known here and they didn't want to-- everyone's nervous when you're changing your name. And frankly in Europe-- it was a very mixed decision. There were a lot of people who didn't want to change it, but I think it certainly-- in hindsight was the right decision. And I don't remember how many years later we changed our name in the United States to Apax as well so everybody was under the name Apax and then in 2002 we merged everybody together. At that time there was Israel and there was the German group, which had Spain with it, and we had an Italian operation plus England it's an English firm today.

The French operation, however, decided not to go into-- and merge their economic interests into the major company and they have stayed independent so they are-- Apax France is a separately owned entity.

Hancock: Has that been difficult?

Patricof: No. They operate totally on their own. There is friendship, but I don't think that they do much together. We also had an operation in Japan, which I started up, and the entrepreneur in Japan after three or four years. I spent a lot of time in Tokyo-- he did not want to be part of an international organization. He's a very strong entrepreneur and he didn't want to be subject to any central conversation or decision in any fashion and so we just didn't renew it after our trial experience. It was called Apax Globis was the name of his firm and it's now called just Globis. I still am very much in contact with him, and he's a very, very prominent person in Japan. So he runs the biggest, in fact maybe the only private business school in Japan, which is a separate entity. And he has venture funds, and interestingly-- I think I started telling you-- Europe never really caught onto the venture of being early-stage invested. They made some; they made several very successful investments in technology in the early stage. But it just don't have a Silicon Valley, or we don't have the risk-taking culture. And they eventually gravitated to middle-market companies.

Germany was middle market from the first day. They never even went through the venture capital stage. They were supposedly a venture firm, they called themselves a venture firm, but they were doing-- because that's all they were investing in the mittelstand companies. It was the time when they were breaking up all the companies and-- after the wall went down -- all of Germany changed. And that's how they gradually evolved into a private-equity firm and as their funds got bigger and bigger, they couldn't do small investments and as a result of all the firms going together, Apax in the U.S. has also evolved into

becoming a private-equity firm. I mean they wouldn't do a venture deal today. Their minimum investment today is \$300 million. When I think of our raising our first fund of two and a half million and then twenty-five million, a hundred million-- I mean it took us a long time to get to a \$300 million fund, much less a \$300 million investment. They've set up a new fund to do smaller deals under a hundred, but they're not in the venture business; they're in later-stage- growth investments—

And Japan though-- that's what I was getting to-- Japan is a venture firm.

Hancock: So Interesting.

Patricof: Isn't it? Yeah.

Hancock: So they're on the early stage; they still do seed investment?

Patricof: Yep, they do technology.

Hancock: Which is very counter to kind of the overall--

Patricof: Yeah, and of course Apax is now in China and India as well.

Hancock: So as you look at the global arena that you've been involved with, with investing and how it's evolved, both the firm itself but these opportunities for startups to grow, how do you look at these different regions? As you say, they're not a Silicon Valley or they have a different culture. What's your assessment or description of what's happening in Japan versus China or Germany?

Patricof: I think the culture of China is technology and a lot of early-stage investing; Japan is similar. Europe is later-stage investing. There is venture over there; I mean don't get me wrong. And Index is in a way a UK fund. I don't know where it's domiciled. It's active in Silicon Valley but when I first heard of Index Fund it was in Europe; it was in London Peter Brooke had a very similar experience with Advent. It was exactly the same as we-- wanted to be venture and the people pushed them into later- and later-stage deals because it's less risk; it's less failures.

Hancock: Maybe not as fun for somebody who loved the early-stage--

Patricof: Yeah, listen. When I started up Greycroft, when I left Apax, nine of the partners of Apax invested in my fund because they liked what the venture business is about. It's more interesting; it's more challenging.

Hancock: So just before we return to Greycroft when you returned to those venture roots, what were some of the deals that you considered most significant during your Apax era? You talked about your fund growing but what were some of the specific people or companies that you were investing in? Globally?

Patricof: Well, obviously there's the lead-smelting company I told you we built. I can look and say we built the biggest lead-smelting firm

in the world. Datascope, which was this medical-electronics company I was involved with from the inception, developed some very important things in the medical-electronics field. We were involved in a company called Agouron, which was formulated as the first cocktail in AIDS prevention. We had the first drug which we ended up selling to Warner-Lambert and that I think was a very proud accomplishment, the AOL investment, the Apple investment—

Hancock: Absolutely.

Patricof: Exactly. I certainly can't take any credit for any success in Apple. I was in the right place at the right time, but we started a lot of companies. Sunglass Hut we started; Office Depot we started; Audible we started. Audible I personally was very closely involved with, still am in contact. In fact, I was out there last-- two weeks ago to visit-- it's amazing.

Hancock: I'd like to hear your story about Audible, what you saw in it in its very early day. It was something that hadn't really been done before and then how you've seen its arc as it's evolved.

Patricof: Well, Don Katz is a determined individual, and he believed in this. He had come out of the media business and he knew the publishing business, I think he'd been at Time Inc. originally. And he believed that there was going to be an opportunity to have a device which you could carry around with you and you didn't have to have books on tape. You could do it in a digital format and they developed the digital technology. And initially they had their own device and that was the big negative. I guess it was when the iPod came out, that changed everything, because all of a sudden someone else was promoting the product which could carry your service—

Hancock: The platform.

Patricof: --and it changed the whole dynamic of it. And Don was a very thoughtful guy who believed in himself so strongly and I don't want to say to a fault. I mean there are some people who believe in themselves and go down the tubes -- collapse because they are so determined to prove they're right. A good entrepreneur knows when to change and modify and Don realized early on that he needed Apple; and he realized early on he needed Amazon; and he needed a partner. He at one time had Microsoft as an investor, and he's built an enormous company. I don't know the exact numbers today of the number of subscribers but with Amazon's support, it's become a very big company and I can't say it's an important part of Amazon, because Amazon is so huge and he's not on the board of Amazon. He has stayed with Amazon, and he's still running the company.

He's now, I'd say, become Mr. Newark. He has revitalized the city and everyplace you go there whether it's the buses or the train station -- Audible is everyplace and he's set up a high-tech incubator workspace. He has a lot to be proud of.

Hancock: It's remarkable. There's not very many founders who stay and help their company grow, scale, and be sustained.

Patricof: Yeah, and I don't think he's going anyplace. If he did I'd certainly consider investing in him again, even though he must be in his sixties now.

Hancock: This is a good chance I think to talk about those attributes, the skills that you look for people when you are identifying who you want to place your money on. You mentioned that he exemplified this ability to both know when to press forward and when to pivot. What are some of the other things that you look for in the people that you invest in?

Patricof: Well, you look for passion. I'm a person who speaks his mind, which gets you in trouble sometimes. But I give a lot of talks - at business schools primarily - and I don't encourage people.... You ask, "How many people here want to start their own company?" and 90 percent of them raise their hands and I'd say, "I don't necessarily think you're doing the right thing, and I'll tell you why. Do you really have a passion about something in particular that you really feel it's a driving energy to get done or are you just doing it because everybody else is starting a company, therefore you want to start a company?" Because that's what's-- most of them are. Most of the companies we see are people-- young people who haven't been out there. They just have an idea and they want to try it out. And it's okay and some of them succeed with basic ideas. But I think it's better to go work for another entrepreneurial group, a startup, or maybe a little further along with someone who's running it who you think you can learn something from, and learn the mistakes.

During the process, get yourself trained in some skills and think about what it is-- where you really think there's a niche perhaps that you really-- that needs to be filled where there's a pain point. Rather than just finishing business school and being a startup-- another startup. God knows there are thousands of them out there today. But I think having passion and having determination, having skills, being able to attract other people.

We found the best indication of a successful entrepreneur will be someone who can start something in a similar area to what they've been in, and get other people from their previous employment or their previous business to follow them. Because they're following them with their careers, whereas we're only following them with our money, and there's a big difference. And so I think that's very indicative of success.

I think curiosity is very important in the venture business. I don't know if it's quite as important for a founder of a company. I think also a founder should have some real thoughtful understanding of the economics of the business they're going into, and what the real addressed market is and what the real competition is. I don't think there are many entrepreneurs today who really take the time to say, "Now let me canvas who else is in it, who's doing what, what are the economics, what's the chance of "if I go in I'll get someone knocking me off?"

People get hung up on patents; I don't place much value on patents. I've learned the hard way that the only value of patents is if you're prepared to spend a lot of money defending them or prosecuting somebody else who's violating it. Those are some of the things I think about. And personality -- do you like the person? You've got to live with them. And I know people also don't think that charisma is that important, but I can tell you if someone isn't really animated in some sense of telling their story and their passion, they'll end up with one or two multiples less when they go to sell compared with what they could have gotten if they could tell the story better.

Hancock: That's very significant. You applied all those same things as you recruited your own team then to start Greycroft, which focused again on the early-seeds startup phase. Can you talk about what that next chapter represented for you as you started Greycroft?

Patricof: What was happening is Apax had a venture portfolio that was doing-- it was very hard in the late-- 1999, 2000, 2001 and it was a pretty rough time. I wasn't having as much fun as I did before -- and particularly because I was letting other people-- which you have no choice-- make decisions. I couldn't use my value-investing background at all to stop anything because I would hear, "If we don't do it, someone else will do it at twice the price tomorrow. We've got to do this or we got to do that." That's why there were 17 disk-drive companies, and how many storage companies? So I decided I wanted to step back and I talked to my wife at that time and said, "You know what I'd like to do. I think"-- What she suggested is "You ought to take your expertise and maybe apply it in the international area" because I had been very interested in the international area. I had been very involved with entrepreneurial development in small- and medium-size enterprises. So I started out on a quest-- on an odyssey of being involved in the international world and I got involved with a couple of charities that were active in the sense they did things abroad and I joined them in several of those activities. And then I went down to the World Bank because I was friendly with Jim Wolfensohn, who was the CEO of the World Bank at the time, and through his auspices I got involved with the IFC [International Finance Corporation] and I spent a lot of time with them all over the world, primarily Africa but—

Hancock: I see you've done a lot of work in Africa.

Patricof: Yeah, and out of that came appointment to the Millennium Challenge Board, which was developed by Bush but carried on after him, which was a new concept of foreign aid. Then subsequent to that, President Obama formed something called the President's Council on Global Development, and I got an appointment to that -- which really got my juices going. But I decided that I wasn't going to do that as a career, because that involved a lot of traveling and I couldn't see myself leaving home all the time like that so I—

Hancock: Should we pause right there? And I'd love to hear more about that. Those are so important really to see the power of entrepreneurship in developing economies. Can you talk a little bit about your experience? What were you actually doing and leading in those different roles during that period of time?

Patricof: Well, most of these were fragile economies. This was not going to Paris or London. This was going to Bogota and La Paz and it was going to Timbuktu in Mali, literally, and Ouagadougou in Burkina Faso, and I could give you all these fancy names of places that I went. I got to see a lot of interesting places. I've never been to Shanghai or Beijing; I've been in Changzhou in China. So I was kind of off the beaten path, where either these organizations Trickle Up, or where TechnoServe or the IFC had some activity. And their activities took many forms. It was building an infrastructure system and entrepreneurial support, helping to create legislation, getting people interested in financing small companies. In most of these underdeveloped countries people don't have much orientation about starting a business. They're in many businesses, and they invest only with their cousins or their relatives or people they've known over their lives. So it's very, very hard for people to raise money because you just don't give someone like we do. I don't know any of the people I'm financing. We can check them out but that culture just doesn't exist

in any place around the world, this what I would call indirect investment. And they can't go public so they can't realize on their investments and they can't raise subsequent rounds and they can't borrow money from the banks.

And so, a lot of what I was doing was proselytizing with banks and with groups of small-business people. I spent a lot of time trying to start up angel groups, because I thought that would be a good way and there were virtually no angel groups at that time. I would say there are probably a bunch of them around now. So I think it was making speeches but that was the least of it. It was helping form angel groups, it was helping with legislation. It was visiting basic entrepreneurial groups and-- or companies and trying to give them some of the principles. The IFC has this program in SME small and medium-size enterprises, and they're trying to give money and nurture young companies. It's a real struggle - where they're in basket weaving and dressmaking and they're very vulnerable and they have a very hard time raising money, and there are no big success stories. One of the things that we have here is we have heroes; we have success stories all over the place. I mean Fred Smith is a hero; Howard Schultz is a hero; you could go down the line. So, I found it very challenging, very exciting and very rewarding to be involved, and I didn't mean to, but I think I built a parallel reputation in the developing world. I mean I'm more-- maybe not today but there was certainly a period I was more well known almost abroad than I was here, because someone coming over with my background was kind of unique. I can't say what it is today.

Hancock: Well, certainly there are these ripple effects from your work there, your leadership and your example working with groups there. What do you see as the essential vision of how entrepreneurship can affect developing economies at root?

Patricof: Oh, I think it's critical. If you can get the flywheel going, and get things started, it increases employment. Then you get spinoffs from these activities and you get technology development, and I mean there-- it's happening. If I had my druthers today, I'd probably set up something in Africa. I think when you have 850 million people, and it's not one country, it's 54 countries! But-- and you have all the natural disasters and you have the revolutions. I was in one revolution in the Ivory Coast but—

Hancock: Physically in it?

Patricof: Yeah. I was [with the] president while it was going on and—

Hancock: What happened?

Patricof: Who knows? Some revolutionaries were shooting down in some square, while we were kind of in the neighborhood. It didn't affect me. I also spent a lot of time in Nigeria; I've been an advisor to the president of Nigeria and his presidential council. All these things kind of fit-- that's what makes a life; when you have enough involvement, it makes life more interesting. My life has had venture capital; that's an important role. It's had an international part of it; that's interesting. And my political activities have been another; my philanthropic another aspect. But I approach them all as venture capital activities. In other words, they're all early stage-- I mean I wouldn't be someone to go on the board of the Metropolitan Museum; I mean it wouldn't interest me.

Hancock: I hadn't thought of that thread but I see that now, that each of the things you've been in have been at a very early time where you can really significantly change the course. Can we go back to talking about Greycroft and beginning that? This was now as a serial entrepreneur in finance. What were you bringing to this particular company?

Patricof: I think whatever I'd learned from 35 years in the venture business. I had a vision of starting a firm that would be committed to be a venture firm, so definitionally Greycroft can't become a private-equity firm. Now when I leave, the game can change. I mean, it is not the most profitable strategy. We raised our last fund just very recently of \$250 million. We had \$600 million committed to invest and we turned it down. That's turning down a lot of money, a lot of fees and a lot of carry. But if we did that, we would change the nature of the business, and we don't require board seats. We never make investments by ourselves. We do not assume any company will go public that we invest in, because 99 percent of them don't go public. So these are kind of basic principles, and it's very appealing to an entrepreneur to say, "You don't want my board seat. You don't want 20 percent of my company. You don't want controls." We're legally an observer in every company and we're not stupid. I mean we're not ignoring our fiduciary responsibilities, or avoiding them, but we're being realistic about what a venture capital-- what a venture capitalist can do and should do. What we spend most of our time is helping them get business.

Hancock: So this is so different in the era of billion-dollar funds which there are many--

Patricof: Multiple.

Hancock: NEA is a good example.

Patricof: —Their recent size I believe is \$3 billion.

Hancock: Three billion--

Patricof: Yeah.

Hancock: --3.2 I think. So--

Patricof: It's hard to be venture and be three billion.

Hancock: But this discipline has enabled you to really work very tightly with your entrepreneurs and your founders and to attract a certain kind of founder that wants to work with you. Can you talk about some of those people and the relationship that you have with some of the founders that you've invested in in the Greycroft time?

Patricof: Well, I can only speak about me. I know - I'd say seventy-five percent of the people that we've invested in. I met-- I know them personally. I know their names. They know me. There are a certain number, when you build a firm, we have now thirty people in our offices in Los Angeles and New York City. We have fifteen people in New York City and a similar number in Los Angeles of which 13 are making investments. And I don't know every single one of them, particularly in the seed area. I make it a

point to read everything that's put out. So, everybody in the firm knows that if they put out a memo, I probably am the one person who's read it for sure. They can't be sure everybody else has, and will comment from time to time. And then I personally am responsible for five or six companies, accidentally, not because they're the biggest, the best, or anything, just that each one of us initiates and follows up on their group. So my involvement with each of these companies is different.

Wisdom, having done it before, introductions, guidance, all the things I think you should do. I mean I don't run any of these businesses. When I get involved, though, I can be very actively involved in a positive way. I think if you spoke to the CEOs of my companies, they'd say, "Alan is on his game. He's on top of everything that's going on. He reads the reports. He reads our monthly statements. If they don't come in time, he'll be the first person to say where is it." And I'll initiate things, ideas for them. And they will most of the time come to me and say, "Can you help with something?" which is a good relationship to have.

Hancock: So, that dynamic, that relationship between you, as a VC, and the founder is just really at the essence of what helps drive-- can help companies grow. Sometimes, when it goes awry, people have called VCs vulture capitalists.

Patricof: Yeah, I don't think I've been called a vulture capitalist.

Hancock: So, when you look at the venture business now, and your-- the particular approach you're taking, how do you assess the way that the industry has evolved? The scale in some companies is very large. There are boutique firms. There are-- how are you looking at the industry today?

Patricof: I think that most funds raise as much money as they possibly can. The ones that are small, of which there are very few. Benchmark has announced last week they are consistently staying small, their definition of small, which is fine. They have a phenomenal record. But I think their small means five or six hundred million dollars. But to them, that's small. They probably could easily raise two or three billion. So, I mean I respect them for what they're saying. And there are a few others who have that approach. Anyone else who's small is small because they can't get big. We can get very big. I'm proud of saying that. We don't we did no solicitation for our last fund. And we had a line out the door of people who've tried to get into our funds. And we're not the number one fund in America. But I think we have a reputation of being careful, of being honest, straightforward in telling you the facts, being very communicative to our investors, and producing a decent return. And I think institutions all want to be in top quartile, not necessarily the number one fund. They'd like to be. But it's not realistic. But I think how you interact with your investors has a lot to do with how successful you are.

Hancock: One of the areas that you focused on, as I understand it, is around digital media. You talked about your early investment with New York magazine. But since then, you've been in so many-- and Audible, but Huffington Post and others. Talk about that area.

Patricof: Collectively, over the years, between New York magazine, the Village Voice, Details magazine, Scientific American, LIN broadcasting, Cellular Communications, all the things I can't even remember, and Huffington Post, which you just said, another company called Paid Content. Now I'm very involved

with Axios and with Thrive Global, which is Arianna Huffington's successor company. And I just bought into a medical information company called Osmosis. I have a podcast company, so I personally tend to stay-- I can't tell you my partners are wild about the media business. But I guess they accept the fact that I have pretty good tentacles in that area. And I don't just run around and do the next media deal.

Hancock: Why the passion or focus in that particular sector?

Patricof: I don't know. I guess most of my friends are out of media. That may have some impact.

Hancock: And can you talk about the role of technology, the changing technologies with media? How do you look at that?

Patricof: The changing role... I think we're in a dangerous period of print going away, of having diminishing importance. I was surprised to hear the other day that Daily News is in a lot of trouble in New York. And it's very little now a paper. It's really a digital product. U.S. News stopped printing. It's totally digital. New York magazine, its biggest activity is in the digital world not in the print area. And that's being sold. So, I think print publications have got a real problem. I think that the best you could be is if you're in a subscription mode. And I'm very impressed with a group that I'm not an investor in called The Information ran by a woman named Jessica Lessin. I'm impressed by the performance they've had. I like what--

Hancock: I'm a subscriber.

Patricof: Yeah. So, am I. And unfortunately, too many of the other publications are ad based.

Hancock: We've talked a lot about some of the big home runs and big hits that you've had. You mentioned that you haven't-- that you've been able to have a net positive return in all your years. But not everything is up and to the right. What are some of the ones that you-- where there were misses or failures, some things that were not optimal?

Patricof: Well, there were so many, that it would be hard to pick out one. I was telling you all about some of the earlier ones we did that-- in the early days of the business where the failure rate was very high. And during the '90s, late '90s, everything that came out of Silicon Valley seemed to have a failure to it. I think today--

Hancock: What were some of those that were--?

Patricof: See, I don't even remember their names.

Hancock: They're just a blur?

Patricof: Honest, I can remember some from 1970s we had an animal feed supplement company that had a great concept of putting together technologies that had been done ten times before, but they'd

never been done together. That failed. Network Analysis, our packet switching company-- was too early. The list goes on of failures. And I've been very fortunate that I have not had-- well, I guess I've had one company that I've been involved with in the Greycroft period that has not done well, which was using a SIM card for greater connectivity in the developing world. And that-- it's still alive. I just haven't spoken or seen them in a couple of years. But I'm fortunate that my portfolio is in reasonably good shape. We've lost money in a bunch of companies. We just lost a lot of money in a company the other day that was dealing with people with chronic care. It's a company called CareSync, which we put a fair amount of money into. And it involved a total write off, which was dealing with people with chronic care with remote nurses over the phone. And it turned out that the recruitment costs were so astronomical and the retention rate was so low for that business that the churn was just too much.

But anything today that's advertising based is being dramatically affected by Google and Facebook. And anything in the Internet or anything in the retailing business is being affected by Amazon. It's a challenging environment. I've spoken out very aggressively in recent years about recent-- no, I should say recent months about the Amazon effect and the whole Internet effect of what it's doing to the social fabric of our country. That bothers me.

Hancock: I would like to include that if-- you have spoken on other channels, but would you share for the record here about your concerns?

Patricof: I've written about it. And I've spoken about it. I think that I was influenced a great deal by a book fifteen years ago called "Bowling Alone" by a guy named Robert Putnam. I don't know if you ever heard of it.

Hancock: Yeah, I--

Patricof: It was all about the social fabric declining, bowling clubs, bridge clubs, church activities, all the things, Boy Scouts, all those things where the character was changing, which brought communities together. And I think now what's happened is with the computer screen, kids are not playing outside-- I mean my grandchildren probably are in playing a video game today instead of being out playing volleyball. People are not calling up for dates, but they're going online to-- or going to social events -- to meet other people. They're going online. Everything is taking place in an online world. Shopping, my daughters-in-law, I don't think they've been in a store probably in years. I was in a store just before you came. I still go shopping. I still read a newspaper. The New York Times is sitting over there. And I still go shopping. But going to the stores on major avenues and shopping centers are being decimated today. And people just are not socializing and going out and physically doing things they used to do, which was I think a healthier way for social and community participation.

So, I hope we're going to find a way to rebuild that. I think that experiential retailing may be partially the answer where you can get people to come back and do things that are more than just statically picking up something off the counter and buying it, but having more of an experience. I think that's an area of opportunity. People are going much more to outdoor concerts today, live-- I mean live music is booming.

That's having a renaissance, not that it ever declined. But it really is going very strong. As my grandson just told me before you came in, he had the best night of his life.

Hancock: What was the--

Patricof: I got him tickets for Drake.

Hancock: For Drake.

Patricof: Best night of his life. He's thirteen. And he's now had the best night of his life. And tonight, I am taking him out to look at a telescope to see the rings around Saturn and Pluto with a giant telescope. That doesn't have as much interest to him as Drake.

Hancock: Looking at the constellation. Maybe he'll change his mind after tonight.

Patricof: I hope so, since I gave him a gigantic telescope, which he's never opened.

Hancock: Well, you're giving him that experience with you. So, as you think about your-- the next generation of young entrepreneurs, the ones that you're investing, or even the ones who are younger, who are coming, maybe your grandchildren's age, what kind of advice would you give to them, the ones who are going to building the great companies of the next generation?

Patricof: Well, I'd say all the things I've said to you before, how to build their lives with a principled life, a life where you do the right thing. I know this is terribly audacious for me to say, but I'm not worried about the MeToo movement in the slightest, because of how I've lived my life.

Hancock: Hmm.

Patricof: I'm not worried, as I say, I've never been sued. I never sued anybody. My basic advice is live a clean life, I don't mean-- I'm Simon Pure by any means. But I try to do things I am proud of that you're not worried about that old story of reading about you in the front page of the New York Times. I think that how you treat people growing up is very important.

Hancock: We've talked about your professional work in venture. I'd like to talk about another one of your areas of focus and impact, which is politics. So, you were asked to serve under several administrations. And you've served not only at the national level, but also for international organizations. Can you talk a little bit about your work in politics? And what's motivated that, and what are the areas that you're most proud of that you've been able to work in?

Patricof: Well, as I said to you before, I think of everything like a venture capital operation. And politics, I think of it the same way. I am not a political hack or an insider. I had never ever been involved in politics until Bill Clinton ran. And I got very excited by him and his prospects. I originally met him in 1988, actually at East Hampton socially. I was at a party which was given for his birthday every year. I didn't know him.

He was governor of Arkansas. And he needed someone to run with the next day. And no one in my group was a runner. You asked what you haven't asked me about. I've done five marathons. And I am very oriented towards keeping up your health with exercise. And I do-- after I did running, did my marathons, then I kind of phased out of that. I did rollerblading for about ten years.

Hancock: Really?

Patricof: Until my partner was grounded. And it was no fun doing it myself. And then I morphed into bike riding. I have about six pair of rollerblades if you'd like to borrow them or buy them or take them home with you.

Hancock: That's the picture I'd like to see. So, you do street riding not mountain biking?

Patricof: There are some-- I think there are some rollerblading pictures around some place. I could find them. So, I got involved with Bill Clinton because I thought he was a very exciting individual. And I liked the idea. I'd never been involved with politics. And so, it was like a start up when he ran in 1991. And it was early on. I was a seed investor. And when I get involved with something, it's my nature to like glue to stay involved. I'm not a dilettante. Well, maybe-- I do a lot of things, but I do-- I stick with them. I can stick with multiple things. I read three books at a time. So, I got involved with Clinton's campaign, helped give his first dinner for fundraising. I gave his first-- my wife, actually, was the most important one, gave a big fundraising benefit for him the first time.

Hancock: Was that here?

Patricof: No, the Sheraton Hotel in New York. I was speaking with the manager of Sheraton the other day. We were just reminiscing. It's the same manager who was there then in 1991. And we were both reminiscing about that first event.

Hancock: What made it so memorable for you?

Patricof: It was just after Gennifer Flowers' problem had come out. This was going to be a sell out crowd. He was riding high. And we had a thousand people committed to come. And Gennifer Flowers came out. And all of a sudden, the numbers started shrinking and shrinking. The room had to go from huge ballroom, grand ballroom, to smaller. In the end, they had to put trees around the seating area to make it look condensed. And I think we may have ended up with a few hundred people. And it was a very critical time. It was a tough one to pull that off. And then the next day, he-- or the next weekend, he won the New Hampshire primary. So, that turned everything around. He came out with his saxophone, went on Johnny Carson's show. And so, I was involved from the very beginning. And I have a Clinton pictures in my office that reflect I was there at the beginning.

Hancock: Yes.

Patricof: And we've maintained our friendship. I just saw him last night. And I played golf with him out here. I played very badly, very badly. And he plays very slowly. And he invited me to play--

Hancock: That's quite a combination.

Patricof: I'm invited to play tomorrow. And I called him up, and I said, "I can't leave the house that long." So, I actually have turned down the President of the United States to play golf. Everybody's dying to play with him. You can die playing with him. But it's all very interesting, though, I have to say. But in this heat, oh god. Anyhow, so I got involved. And I was in the original group. I wanted nothing. I never wanted to be an ambassador. I didn't want to move to Washington. So, I was really on the-- I didn't take advantage of what you can take advantage of if you're that early as long as I was. I did one thing during his administration which was pretty significant. I ran something called the the White House Small Business Commission or the White House Commission on Small Business, which was a set of meetings that took place all over the country with twenty-five thousand people attending. And we went from city meetings to regional meetings to a master national meeting in Washington D.C. And because of my relationship with everyone in the administration, it was an all-star cast at that national meeting. And people still remember that to this day. That was 1992.

Hancock: Who was there besides you on that cast?

Patricof: 1992 or '93. Oh, I don't know, Bob Rubin, Ron Brown? I got all the cabinet people to be able to come at that time to participate. And the President, we got everybody. So, I stayed involved with that. Then when he ran for re-election, I stayed with that. And that kind of made me into a lifelong Democrat. And I've been involved in all the Democratic elections since then. And when Hillary was going to run, I helped her run her senate campaign and then her second campaign, her presidential campaign, both presidential campaigns. And so, we've stayed very close, and while I've supported other candidates, I have not been involved as actively as I was then. I've supported actively Mike Bloomberg. And today, I'm taking a more passive role.

But the political experience has been extremely valuable in that I met a lot of people I never would have met. Just like my international activities, I've met a lot of people I would have never met. So, I've had exposure to a lot of different aspects of life, and I would say to any young person, "run a multi-faceted life." Philanthropy is part of that. I think all people should get involved with some organization that they feel does something worthwhile. Right now, I'm mostly involved-- very actively involved with something that's going on at MIT for Alzheimer's, because of my wife's problems, and trying to keep up to date with everything that's going on in this field. Sadly, there aren't any great cures on the horizon.

Hancock: It's a very challenging disease. As you think about your strands of both politics and philanthropy, how have those changed you? You certainly have had an impact on those arenas. But how-- when you reflect on them, what stays with you.

Patricof: I've had a very rich, rewarding, full life that has made me a whole person. I'm an eclectic individual who is... I'm not as narrowly focused as a lot of people I know, who were very singular in what

they do. I have a great curiosity. That's my most significant characteristic is I am very curious. When I go to dinner, if it's an extraordinary plate in front of me, I turn it over to see who made it. And I always thought that's a good example of someone who wants to know what's going on. I read everything. And I try to follow up things certainly in the venture capital business.

Hancock: Earlier today, I asked you for if you were to give a word of advice to a young entrepreneur, what would it be. Could you say what that is and--

Patricof: Determination.

Hancock: And why that word among all the words?

Patricof: Well, I was asked to pick one word. There are a lot of words probably. But I think that, for an entrepreneur, if they aren't passionate and aren't determined to succeed.... As I told you at the outset, I'm determined to live to a hundred and fourteen. That's determination. You've got to keep that in mind of what your objectives are. And keep relentlessly pursuing that goal. I think if you're not determined, and you take things casually, if you were too informal, I think you won't get there. And you meet many people, and you say, "I know that person's going to succeed." And I think it has to do with-- that's just one simple characteristic. I mean there are multiple words. But I think that's as good as any.

Hancock: Was there an experience or a time that you realized this is essential to who you are, something that was a galvanizing moment or a--?

Patricof: Well, I think a good example-- it's not what you're looking for, is my wife has Alzheimer's. I am determined-- I didn't think of that, to make her life absolutely as fruitful as humanly possible until the last day. And if you ask anyone around, they will tell you. Anyone in New York who knows that she is-- I took her to a party with two hundred people last night. She goes out to dinner. And she has guests all the time. And she swims in the afternoon. She floats now more than swimming. And she's not in great shape, but she is living as full a life as possible-- and it's because of my determination to make it happen. Plus, I have some help to make it happen.

Hancock: Well, that's a great gift. Speaking of gifts, thank you for the gift of your time. It's been a great privilege to spend this time with you in your home. And we thank you for sharing your stories and your experience. We're here with Alan Patricof, here for the Computer History Museum. Thank you, Mr. Patricof.

<break in audio>

Hancock: So, as we close our conversation for today, I'd like to ask you if you were to give one word of advice to a young entrepreneur, what would it be and why?

Patricof: Well, I think you've given a very heavy challenge, one word. But the word I would select is determination. And that has to do with I think that if you're going to succeed as an entrepreneur, you really better darn well be determined, passionate, -- and determination goes with it and says I'm just going

to break any barrier because along the way, there are going to be many obstacles. And many people are going to punch you. And you're going to fall down. And you've got to be able to get up just like a prizefighter and keep going back and improvising and keeping your eye at all times focused on what you want to accomplish and what the goal is. And I think this tells it all.

Hancock: Fantastic, thank you.

END OF THE INTERVIEW