

Come for brunch. Bring billions.



Jakub Mosur / For The Times

'GEEKS WITH GOOD IDEAS': Silicon Valley entrepreneurs gather for Founders Brunch, a private, invitation-only event that brings together Internet industry veterans and new-boom kids, in San Francisco in January.

For access to Silicon Valley camaraderie and capital, you can't beat the informal Founders spread.

By Jessica Guynn, Los Angeles Times Staff Writer

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SAN FRANCISCO -- The Internet bubble of the late 1990s ended with a painful pop. When today's young entrepreneurs get together, the only bubbles they see are in their mimosas.

Even as the rest of the business world frets about the gloomy economy, Silicon Valley is living the high-tech high life. Nowhere is that more evident than at Founders Brunch, a private, invitation-only gathering where new-boom kids and industry veterans pick up whispers of the next big trends, invest in one another's ideas and push one another to think big.



[Keith Rabois](#)

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[Auren Hoffman](#)

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Every three months, these elites of the Web crowd pull themselves out of their beds or cubicles and pile into a different upscale home for a Sunday spread of community and conversation.

Founders Brunch has that informal vibe for which Silicon Valley is famous. No deal makers arrive in Armani and Porsches to Founders Brunch. The hosts' homes may be grand, but they're loaded with entrepreneurs in worn jeans and Teva sandals cutting deals over Costco bagels and coffee.

Robert Bailey is a former Yahoo Inc. executive now running a different kind of Silicon Valley start-up: Lotus Vodka. Last fall, he played host to Founders Brunch in the San Francisco high-rise where he has a luxury condo, spiking the event with some of his new company's product. One taste and well-known Silicon Valley financier Jeff Clavier was hooked. He took a small stake in Lotus Vodka and began introducing Bailey to his network of venture capitalists and businesspeople.

Fresh-faced entrepreneurs Jia Shen and Lance Tokuda were running out of money to fuel their start-up when, in February 2006, they landed a Founders Brunch invitation from venture capitalist Saar Gur. They pitched their business to anyone who would listen, even planting themselves in front of the eggs to get attention. They hit pay dirt with Internet entrepreneur and investor Ariel Poler who, in turn, introduced them to other financiers.

Today, their company, RockYou, whose software allows users to add slide shows to their profiles on Facebook and MySpace, has raised millions of dollars and garners more than

1 billion page views a month.

Founders Brunch is filled with such tales of serendipitous meetings that yield deep relationships, fresh ideas, business leads and new hires. Just as important, it serves as an outlet for entrepreneurs isolated by the long hours and complex challenges of getting their businesses off the ground. Here they can free themselves from a business world that deals in the virtual to get real-world face time with their peers.

"We are all out there far off in the future, in a place where no one knows where the big wins are going to be," said Daniel James, 36, founder of San Francisco online game developer Three Rings Design Inc. "We are all trying different things, and we all learn from each other."

On a brilliant winter Sunday, he and about 70 other techies trekked down an old industrial cul-de-sac near the San Francisco Giants stadium. Crossing the threshold into a concrete loft, they climbed four flights of steep steel stairs, stopping just long enough at each landing to gawk at the minimalist decor and avant-garde artwork.

The host, 38-year-old Keith Rabois, made his fortune in 2002 as an executive of PayPal Inc., the online payment service that was sold to EBay Inc. for \$1.5 billion. He padded his portfolio by investing early in start-ups including YouTube Inc., the video-sharing site Google Inc. bought in 2006 for \$1.65 billion. Now an executive with Slide Inc., an Internet company that has created some of the most popular features on Facebook and MySpace and recently landed funding valuing it at half a billion dollars, Rabois dressed satirically for the occasion in a "Space Camp" T-shirt bearing a red hammer and sickle.

The din in his crowded living room was almost deafening. Yan-David Erlich, the 29-year-old founder and chief executive of instant messaging start-up Social.im, had been working so hard that he didn't leave his house for four days except to attend Founders Brunch. Barney Pell, the 39-year-old co-founder of Powerset, a natural-language search engine trying to challenge Google, sported a new beard he vowed not to shave until his San Francisco start-up launched its new product.

Gabe Rivera, 34, known in Silicon Valley for rejecting the repeat advances of investors who want a piece of TechMeme, his website that tracks the most popular news stories and blog posts, jostled with Clavier over whether he would let Clavier add TechMeme to his investment portfolio of 32 next-generation Web companies. Nearby, Jonathan Abrams, the 37-year-old entrepreneur behind social networking site Friendster, and now Socializr, an online service for sharing event and party information, held court in a faded black T-shirt reading: "Computers are the wave of the future."

Another narrow flight of stairs led to the rooftop. There, next to the hot tub, techies soaked up the sun and city views. "There are two massage tables up there," oohed several, after descending slowly, hands gripping the rails, to avoid toppling into the crowd.

Events like Founders Brunch feed the gravitational pull of Silicon Valley. Even as technology makes it easier for innovation to bubble up anywhere, the region has retained its monopoly on geeks with good ideas. Symbiotic circles of people and companies help spawn innovation and keep the region awash in money.

"Founders Brunch is important for the same reason Silicon Valley is important: There are all of these subtle network effects," said Peter Thiel, a 40-year-old former PayPal executive now bankrolling some of the hottest Internet companies. "Otherwise why wouldn't you start a tech company in Fresno where everything is cheaper? The advantage to being in Silicon Valley and the San Francisco area is that so many other people are doing the same thing."

From the founding of high-tech trailblazer Fairchild Semiconductor Corp., Silicon Valley has blended brainstorming with networking. In the '60s, chip engineers gathered to talk shop at Walker's Wagon Wheel bar in Mountain View. The computer hackers of the '70s and '80s frequented the Oasis, a burger joint near Stanford University. During the '90s Internet boom, buzz emanated from Buck's, the Woodside breakfast spot of champion deal makers. Today, as during dot-com mania, San Francisco bars and clubs are the playgrounds of young Web workers.

Still, a great deal of Silicon Valley networking happens in more private venues. Paul Saffo, a tech-industry pundit who teaches at the Stanford University School of Engineering, and Brewster Kahle, founder of a nonprofit library of websites called the Internet Archive, are among the many Silicon Valley insiders who have held intimate salons.

And people clamor for invites to late-night bashes in the Atherton backyard of TechCrunch founder Mike Arrington, whose nonstop blogging of new companies has turned him into a Silicon Valley kingmaker.

"It is fascinating how the valley has gone from steaks and Manhattans to quiche and granola to sushi and Chardonnay," Saffo said. "Each new generation reinvents it."

Founders Brunch sprang from the Internet's resurgence, said Auren Hoffman, founder of San Francisco Internet company RapLeaf Inc., which tracks people's reputations online and off-line. He was one of a hardy group of entrepreneurs who labored on amid the dot-com rubble earlier this decade.

A few years ago, they noticed their numbers growing again. Young, bootstrapping entrepreneurs were popping up in Silicon Valley and San Francisco, emboldened by new ideas and the lower cost to build Internet businesses.

So Hoffman and a small group of fellow entrepreneurs decided to create a community to welcome them.

"They remind you to think without barriers and to take big bites out of life," said Erin

Turner, 32, an entrepreneur who is working at start-up Trion World Network Inc., an online game publisher in Redwood City.

Despite venture capital investments reaching a six-year high of \$29.4 billion last year, a few signs of anxiety have popped up in the Internet sector. The stocks of such leaders as Google, EBay and Amazon.com Inc. have tumbled this year. Microsoft Corp. has shaken up Silicon Valley with an unsolicited bid for Yahoo. And some executives who run start-ups have hired investment banks to pitch their companies to potential buyers out of concern the market has peaked.

These post-crash entrepreneurs are trying to increase their odds of success by avoiding past mistakes of excess and indulgence. Yet they understand that failure is a natural part of the Silicon Valley cycle. Rather than discouraging them, that knowledge suffuses Founders Brunch with a bright, breezy quality.

One of the best-attended events took place in November 2006 in the former Pacific Heights abode of San Francisco Mayor Gavin Newsom.

The hosts were PayPal alumni Ken Howery, a managing partner with hot venture capital firm Founders Fund, and Premal Shah, president of Kiva.org, a start-up that helps people loan money to small businesses in the developing world. Guests noshed on platters of catered food and took a dip in the swimming pool, which happened to be in the living room.

That same year, Thiel opened his pristine home in San Francisco's Presidio neighborhood to Founders Brunch. Thiel, who runs a \$3-billion hedge fund and Founders Fund, has become a legendary figure in Internet circles for turning an early \$500,000 investment in social networking phenom Facebook Inc. into a stake now worth about \$1 billion.

Holding the events in the private homes of those who have already struck it rich is inspirational for those entrepreneurs still striving to do so.

"I always come away with some new way of looking at my business or markets or technology," said James Currier, the 40-year-old co-founder of technology incubator Ooga Labs, who sold his first start-up, social networking website Tickle, to online job finder Monster.com in 2004 for more than \$100 million. "It's a comfortable environment where we can vent a bit with each other, something we can't do with our employees or our investors. You have to keep your game face on all the time when you're the CEO. Except at Founders Brunch."

The exclusivity of Founders Brunch may seem at odds with Silicon Valley, which prizes egalitarianism and openness. But to engineer the event's chemistry, organizers turn away far more entrepreneurs than they invite.

Few who get the nod skip Founders Brunch. Rabois is such a fan that rather than hit the field with his soccer team the way he usually does on Sunday mornings, he opened his

home to the large crowd of techies (but kept checking his iPhone for updates from teammates).

Founders Brunch entices even those folks who are "anti-networking," said Tod Sacerdoti, 30, founder and chief executive of video advertising network BrightRoll Inc.

"I get zero value out of Silicon Valley events," he said. "Founders Brunch is something I'm religious about."

Twentysomething entrepreneurs are usually more likely to hit keggers than champagne brunches. But they jump at the chance to rub elbows with some of the industry's most influential players.

"I don't usually get up this early on Sundays," said Matt Brezina, the 26-year-old co-founder of Xobni Corp., a San Francisco start-up that helps people better organize and search their e-mail and contacts, as he worked the room. "But this gathering is very powerful."

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