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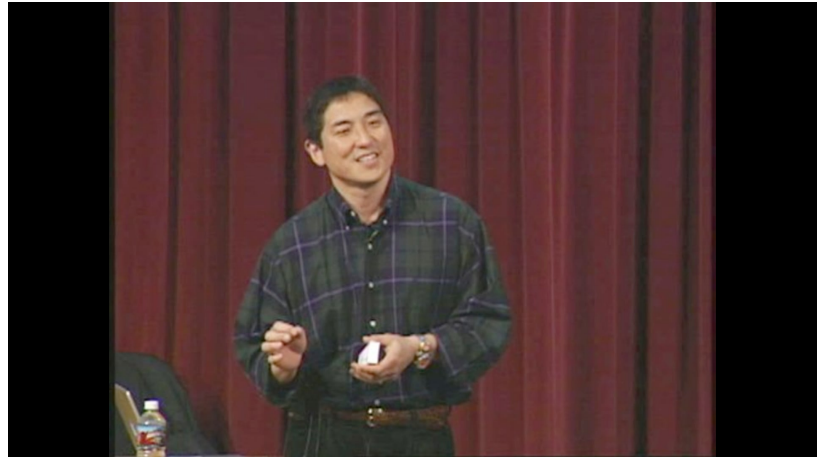
In Kawasaki's opinion, he discusses the 10 reasons why Silicon Valley 4.0 will never happen.

Transcript

Now, I'm going to tell you 10 ways it's not going to happen, i.e.. Silicon Valley 4.0.. First of all, it's not going to be a proven team because I tell you, after the age of 40, you just -- you have a hard time being a revolutionary.. I think your best work will be done before you're 35.. Your most revolutionary work in research and all that will be before you're 35.. See, you have to be like me.. You have to do one thing really well.. I evangelized Macintosh really well that was in 1984.. I've been living off that for 20 years.. I'm a living proof; you do one thing well you can coast for the rest of your life..

Second thing is it's not going to be a proven technology.. When you come up with this technology people are going to say it can't be done or it's not necessary.. Very few people are gong to say, "Oh, my God.. This is the way of the future." By definition -- by definition you're probably going to show it to people who are successful and rich and supposedly in the know and generally, they're going to say that because people who are successful have a very difficult time of approaching the next curve.. It's very difficult.. You know, Ken Olsen was successful on the minicomputer curve denied the personal computer curve.. That's how it is.. Western Union denied the use of telephones because they had telegraphs.. Okay.. Third thing is it's not going to be a proven business model..

Absolutely not.. You know, think of Yahoo.. Yahoo had no technology, no team, certainly didn't have a business model because nobody was advertising on the internet because there was no internet yet, right? So that's a kind of test.. That's what's sad about today's early stage investing climate is that most VCs are looking for the opposite of these three factors.. The fourth thing is you're not going to raise $50 million in capital because nobody is going to believe you.. So you're going to have to do this by bootstrapping.. It's been my experience that too much money is worse than too little.. It's easy to say.. Too much money is worse than too little.. Fifth thing is you're not going to generate a whole bunch of term sheets..

You'll be lucky to generate one or two because it's going to take one or two very visionary VCs to get it.. It's not going to be a mass of, you know, six companies are funded to sell dog food online.. It's not going to be like that.. It's not going to be like that.. Sixth thing is it's not going to be embraced at all by today's experts.. Not the VCs, not the journalists, not the computer science, nothing.. It's going to be laughed at.. It's going to be ignored.. Now, I wish I could tell you that when people who supposedly should know tell you it's not going to work, when experts and prestigious people tell you it's not going to work, it means that it will work.. It ain't that simple..

Most of the time they're right, okay? But just because they say it won't work doesn't mean it won't work.. I hope you're the exception.. The seventh thing is it's not going to be created by any existing company.. It's very difficult to truly revolutionary process of existing company because of this double-edged sword called your installed base.. So here at Microsoft or Apple today, you try to create a really, really great new operating system but first thing you have to do is make it backward compatible with Windows or backward compatible with Macintosh.. Now, once you worry about backward compatibility, you can't jump the curve.. You cannot jump the curve.. You basically have to ignore everything in your installed base.. You have to tell them tough, it's a revolution, I have to leave you in the past.. The eighth thing is it's not going to be sold to the customers you expect to have been buyers..

These people are going to be people you never heard of.. They're going to do things with your product you're never going to see which is number nine.. It's been my experience of revolutions that people who are not your customers are going to buy

your product and use it in ways you didn't expect.. And the bizarre thing is that many companies when they have this happened which is a good thing, they freak out.. They say, "Well, we have to reposition our product so the right people buy our product and we want them to use it in the way we intend it." At the very basis let me tell you something; take the money.. Take the money.. When you see people who are not your intended customers doing things with your -- on it, doing things with your product in unintended ways, it's a good thing.. They are perverting your product.. And when you see people perverting your product, that's a good thing because people only pervert products they care about.. There's only two sort of conditions; they either like your product and pervert it or they ignore your product..

Trust me, it's much better that they like your product and pervert it.. Okay, now, this leads to a crucial engineering algorithm.. There are two ways to fix a product in an engineering sense.. One is you go to all the people who are not buying it and you ask them, "Why aren't you buying it?" They're going to give you good reasons.. In 1984 they told me I'm not buying the Macintosh because you don't have 123.. I hope you remember what that is, some of you it's a spreadsheet.. You know, spreadsheet, you see rows and columns that adds up.. We had no 123 and we had lower quality printer driver.. So we go and convinced Lotus to make 123, we go and write a quality printer driver, we go back to Fortune 500 Companies, they still don't buy it because they had other reasons.. Okay? So that's one theory..

You go to people who aren't buying, you ask them why, you come back to your lab, you fix.. The other theory is you go to people who are buying.. You ask them why they're buying and you give them more reasons to buy.. Trust me, do that.. Do that.. If people don't get it, ignore them.. People don't get it, ignore them.. I like to say it's better to sell to a virgin than to an atheist because an atheist denies you a religion, a virgin has not been screwed before might try your religion.. Okay.. This isn't being taped, right? The tenth thing is very important which is Silicon Valley 4.0 is not going to happen unless you try..

So I don't care what you hear about how tough it is to raise money, how depressing it is and all that, you've got to believe.. You need a leap of faith.. You've got to believe that though everybody says it can't be done, shouldn't be done, won't be done, you have to believe that it can be done because that's what it's going to take.. If we all believe that it's not going to happen, it will not happen.. You have to believe.. You have to take the shot.. Okay.. So that's 10 things --..