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CEO, Polar Rose

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# Measurable Philanthropy

**Helping others is one of the true unadulterated joys in life.**

MARC BENIOFF, CEO,  
SALESFORCE.COM

**Companies such as Salesforce.com and Yahoo are giving time and money, but with a caveat—charities have to prove they can deliver.**

**By Robert Luhn**

**T**hey conquered the Internet, personal computing, finance, and a dozen other realms. Now the New Economy young turks want to reform and renew corporate philanthropy—not only how and what their corporations give, but how the charities and nonprofits they give to actually work.

Today's corporate philanthropists aren't the rapacious, semi-penitent zillionaires of yore endowing hospital wings. Executives at companies like Salesforce.com and Yahoo see themselves as a new breed of "compassionate capitalists" who want to run their donations like they do their investments—with accountability, transparency, and a decent return on investment. They are donating their technical and management expertise, products,

money, and often their employees to help modernize charities and other nonprofits.

#### **Salesforce of Nature**

Leading the new charge are Salesforce and Yahoo. Both have taken more than a few cues from Levi Strauss, a pioneer in what's been dubbed "venture philanthropy," where companies donate time and money to charities but hold them accountable for delivering results—or a "social return," in the vernacular.

"We're talking younger, impatient new money," says Maria Stepanek, editor-in-chief of *Contribute* magazine. "They are not just writing a check; they want to see results."

San Francisco-based Salesforce has



# Imagining Big in India

Azim Premji aims to give all kids a better start.



One of the world's more ambitious efforts at giving back has to be Azim Premji's project to overhaul India's primary schools. "Education can be a great lever to start making a difference," Wipro's chairman said earlier this year. Start everyone off on the right foot, goes the theory, and youngsters will have the mental equipment to pursue a richer menu of possibilities down the road.

Mr. Premji, who turned his family cooking oil concern into today's global software and outsourcing giant, has grumbled about the country's woefully ill-equipped government schools for years. Besides lacking everything from toilets to textbooks, their traditional emphasis on rote learning made the classroom atmosphere more threatening than engaging.

And it showed in the drop-out rate. India's state government-run public education system left 35 million of 192 million children aged 6 to 14 out of school, he noted in a 2001 speech. But what were they doing there anyway? More than a third of India's 19 million fifth graders, he complained, could neither read nor write.

"We need to stop looking at schools as factories churning out students equipped merely to memorize text," Mr. Premji said in another speech after launching his foundation in 2001. "Schools must be viewed as places that have the potential to transform the future of both the individual child and indeed the nation."

So today, the foundation works with governments and schools, acting more as project implementing agency than financier, focusing on teacher and management training—and learning disabilities. To that end, Wipro produces multimedia learning packages (emphasizing problem solving and other creative activities) and sets up computer-assisted learning centers—invaluable aids in stretching resources and getting more teaching done.

To get this help, schools have to do their part. When the programs were rolled out, achievement awards initially went to schools reaching 100 percent enrollment and 90 percent attendance—after all, kids had to attend before they could take advantage of new learning opportunities. After schools show they can cover the basics, incentives are keyed to academic performance.

"We decided as an organization to focus on primary education. A lot of large corporations and wealthy individuals tend to distribute themselves too thinly in terms of what they want to do," Mr. Premji, a Stanford graduate, told his alumni magazine last summer.

"Today we are engaged one way or another with about half a million children through our presence in more than 200 schools in more than 20 cities in India," he added. "And we are engaged with about 1.8 million children in primary schools in the villages." Good start.

—Joel McCormick

made giving part of its DNA since its birth in 1999. The Salesforce Foundation has helped nearly 1,200 nonprofits and non-governmental agencies (NGOs) devoted to youth development, including the American Red Cross, Habitat for Humanity, and local Bay Area charity BayKids. The company donates its Salesforce application, along with tech support, training, and cash grants. It even pays employees to donate their time and business savvy.

"We're all about capacity building, sustainability, and back-office work," says Suzanne DiBianca, executive director of the Salesforce Foundation, who says she doesn't just "drop checks" on charities. "A lot of charitable organizations are behind the technology curve and getting them up to speed can make a huge difference, from fundraising to publicizing their work."

Salesforce CEO Marc Benioff has boiled down his philanthropic mission into what he calls the "1% Time, 1% Equity, 1% Product" strategy. He has not only written two books on the subject, but has even convinced some of Salesforce's customers, including Antenna Software and Bluewolf Group, to embrace the 1-1-1 giving model.

As part of the "1% Equity"—the company set aside 1 percent of its founding stock for its foundation and all donations are made out of this pot—Salesforce funds a BizAcademy workshop, which shows urban high school kids how to run a business. Successful grads of the four-day workshop can get internships at Salesforce and other local companies. As for the product part, qualifying nonprofits get 10 free licenses to the Salesforce application and the necessary training. But it's the "1 percent Time" of the equation that has garnered attention from the philanthropic community.

Salesforce urges employees to donate up to 1 percent of their working time to charities, while their salary is paid by the company. While 1 percent of an average 120-hour work month doesn't seem like much, collectively, Salesforce staffers have donated 15,000 hours in 2006 alone. The plan is even part of the new hire process.

"I'd been at Salesforce two days and found myself scrubbing pots at a meal kitchen," says Bruce Francis, VP of corporate strategy.

The company evaluates the social return of the charities it supports by applying commercial assessment techniques to the software it has donated to them. It



tracks so-called usability metrics, including log-in rates, the number of records the nonprofit creates, and, especially, the number of custom objects they create in Salesforce. "That's a sure sign they're using the program," Ms. DiBianca says.

Certainly, Salesforce is doing good in the community, but it doesn't hurt that its philanthropic mission is also good for its brand. "It's a differentiator," Ms DiBianca says. "All things being equal, I think most people will buy from a company doing good things."

#### The Yahoo Way

Like Salesforce, Yahoo donates what it does best—in this case, its expertise in creating online communities. "We're not great at evaluating social service programs or giving away money," says Meg Garlinghouse, director of Yahoo for Good. "We use our tools to engage people in a personal, direct way."

The results can be impressive. A link off Yahoo's home page raised \$26 million for Hurricane Katrina relief during the first day. A 2004 voter registration campaign (in conjunction with DeclareYourself.org) signed up over 1 million people. "At one point," says Ms. Garlinghouse, "'Register to vote' beat out 'Paris Hilton' as the most searched-for phrase."

Yahoo also taps its employees for ideas about where to give, and allows them to take time off to help charities. For example, Yahoo for Good Scrum—a

## I had been at Salesforce two days and found myself scrubbing pots at a meal kitchen.

BRUCE FRANCIS, VP OF CORPORATE STRATEGY, SALESFORCE.COM

kind of nonprofit SWAT team—drops dedicated Yahoo employees onto the scene of a charity crisis. And last spring, One.org desperately needed a web site to raise awareness about its anti-poverty programs. A half-dozen Yahoo employees were granted three-month paid sabbaticals to whip up a smartly designed web site for the organization.

Yahoo also runs an employee grant program, to which employees contribute about \$1 million per year, with each dollar matched by Yahoo founders Jerry Yang and David Filo. Employees are surveyed to decide where this money will go; in 2006, the priorities were education, the environment, and community building.

To make sure the charities it funds run a tight ship, Yahoo employs a range of metrics to measure a nonprofit's success.

The company tracks clicks, traffic, and donations on sites it builds for charities, as well as surveys employees who have volunteered at an organization.

Of course, Salesforce and Yahoo aren't alone in their venture philanthropy approach to giving. Several other technology powerhouses, including Google with its Google.org initiative, are likewise donating a mix of money and tools to charities. Among other things, Google.org manages a fund that invests in combating poverty, a fund for small entrepreneurs in developing countries, and Google Grants, which offers nonprofit organizations free keyword advertising.

#### Looking for Love

But venture philanthropy has its detractors.

"Corporate involvement can be a slippery slope," says Sandra Miniutti, a director at Charity Navigator, a charity evaluation service. "Asking a nonprofit to articulate what it's doing and how well makes sense, but measuring performance is very subjective."

Ms. Miniutti's biggest fear is that corporations are targeting their giving with laser-like focus, and charities are bending over backward to accommodate them. "We're talking mission creep—pushing charities to tackle projects outside of their skill set," she says. "What you get are charities that don't excel at anything."

For Pablo Eisenberg, founder of the National Committee for Responsible Philanthropy, and a policy analyst at Georgetown University, control is an issue. "Corporate donors sometimes think they're running a business, not a nonprofit. If nothing else, they want to control the agenda." Corporate employees on a nonprofit's board? A bad idea, says Mr. Eisenberg, since it raises the potential for co-option.

"Many corporations aren't exactly in a good position to show others how to be transparent and accountable," says Mr. Eisenberg.

The biggest problem may be a fundamental mismatch between the corporate and charitable worlds. Mr. Eisenberg points out that nonprofits can certainly learn a lot about efficiency from the business world, but many charities may never see that corporate money. That's because many charities are advocates for people and policies that go against the corporate agenda of profits and growth. **RH**



Time matters: Salesforce CEO Marc Benioff volunteers as part of his company's philanthropy.