INTERNET MEDIA STARTUPS:
RATIONAL SOFTWARE ENGINEERING OR GUN SLINGING IN THE 21ST CENTURY?

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Now is a great time to do an Internet media startup!

• There is wide open playing field of opportunities
• The media industry is in turmoil
• The entry costs are low
• The potential for success is huge
• Small teams can win big
• CSE 403 is the perfect training ground for YOU!
WHO AM I?

- UW CSE grad (a long time ago!)
- Big company experience at Bell Labs (Lucent) and Sun Microsystems
- Start up experience as first engineer and chief architect at BroadVision
- Co-Founder, Vice President of Products at MerchantCircle, Inc.
- Entrepreneur in Residence at Rustic Canyon Partners
THE GOLDEN TRIANGLE FOR MEDIA

AUDIENCE

CONTENT

ADVERTISERS
Who are Internet media companies?

Google
Yahoo!
msn
myspace.com
Facebook
YouTube
flickr
Technorati
yelp
Judy's Book
MerchantCircle
TOPIX.NET
YOU!
Who are not Internet media Startups?
On the Internet...

- **AUDIENCE**
- **CONTENT**
- **ADVERTISERS**
**STARTING A COMPANY IN 18 MONTHS**

- You barely have an idea...
- But you want to do something in the Internet media space!
- How can you build a “successful” company in 18 months?
  - Sell the company
  - Be self-sustainable
  - Raise some (more) money
- Build a product that does something “good!”
- This process is fundamentally different than building a software company in the past
INTERNET MEDIA VS. TRADITIONAL SOFTWARE

• Cost of starting up is an order of magnitude cheaper
• Personnel required is smaller
• Software lifecycle is much shorter, transient, and maybe less formal
• Revenue models are based on advertising not selling software or services
GLOBAL 18 MONTH TIME LINE

0  4  12  15

Ideal  First bring up  “Beta” release  Success?

Decide what to do
Select tools, dev environment
Write some documents
Start coding (immediately!)

Incremental roll out of product

See if works!
Rapid refinements
Continued feature development

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THE INTERNET MEDIA STARTUP TEAM

- CEO/President (leader, chief bottle washer, biz person)
- Product Manager/Marketing person
- User Interface/Experience designer
- Systems developer
- Data(base) developer
- Application developer
- Engineering manager?
Who’s not on the team?

• No operations
• No network/systems administration
• No project manager
• No build specialist
• No QA!
Less is more...

- Less money
- Less people
- Less time
- Less abstraction
- Less software

More constraints
THE MONTHLY DEVELOPMENT CYCLE

• Start of month: decide/prioritize what you are going to build and release for the month
• Mondays: Decide what you’ll build this week
• Code freeze 7 days before the end of the month – test, test, test!
• End of month: Release!
Observations from the trenches

• “Worse is Better”
• “Ship early, ship often”
• Choose your tools and development environment carefully
  – Ubuntu, Postgres, Python, Trac, Subversion, Macs(!)
• MS Project, UML tools, DreamWeaver don’t help
• Don’t drink too much of the XML Kool-aid
  – SOA, WSDL, UDDI, XML Schema
• You can’t aggressively re-factor if you don’t have a great regression suite/process
• “Build” and test continuously
• Always be cleaning up
• Let your customers debug your product
• Top down planning is good – top down execution fails
More Observations

- Pipelining is bad (don’t let weekly/monthly deliverables overlap)
- Branches are evil
- Any hypothesis you have about consumer behavior is going to be wrong
- Measure, measure, measure – look at the numbers every day!
- Trade offs between features, platform, and infrastructure are the tough calls
- Backwards compatibility, sustaining engineering, patches make no sense! (Whew!)
- A month does not equal 28 days
- 4 week cycles might be too short
FOUR CONSTRAINTS ON ANY PROJECT

Features

Product Offering

Time

Quality

Resources
WHAT ABOUT MERCHANTCIRCLE?

• Internet media company – hyperlocal online communities, content, and advertising
  – Helping local merchants fight the “big box”
  – Community based journalism
  – Social networking, data mining, web applications
• Small company (7 people)
• Located in Los Altos, CA (heart of the Silicon Valley)
• Venture funded
<Case study omitted>
THE GOOD, BAD, AND THE UGLY OF STARTING UP

1994: Company founded -- $5MM venture capital

1996: IPO – Valuation of $200 million

2000: Valuation of ~$20 billion

2006: Taken private -- $50 MM valuation
Perspective from the Trenches...
This is still relevant...
RESOURCES

• “Hackers and Painters – Big Ideas from the Computer Age,” Paul Graham (www.paulgraham.com).
• “The Mythical Man Month,” Frederick P. Brooks.
• “The Rise of Worse Is Better,” Richard Gabriel (en.wikipedia.org/wiki/Worse_is_better)
QUESTIONS?

• I want to hear your ideas!
• Interested in doing this for real?
• email: yamamoto@merchantcircle.com
• website: www.merchantcircle.com