



Stanford eCorner

Technology as Medium, Not Content

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Priceline co-founder Jesse Fink explains to entrepreneur Steve Blank how his early company was a technology-enhanced solution to a business model - and not a real technology play - that succeeded in providing for both business and consumer. Fink brings these same solutions to his current investment firm, MissionPoint, who believes it will be business models and capital markets that find environmental solutions, and not the technology itself.



Transcript

Priceline started in the backwoods of Connecticut. It started in Stanford. In Stanford, yes. So here we are. When did it start? We started working on it in '96 and we went out in '98. So there were lots of interesting technology places in the Valley on the web then. So was Priceline just a better airline business or travel business? What was the entrepreneurial story? The idea behind Priceline was Jay Walker who was the core founder and the true entrepreneur. Jay put millions and millions of his own dollars into Priceline and did a phenomenal job and was working 100 hours a week trying to really make it a success. Priceline needed technology in order to work. It is a business model and it was technology enhanced, not driven by technology.

We really were solving two problems. We were solving the airlines problem which is they had a lot of empty seats and they wanted to fill the empty seats, but they didn't want to reduce the profit margin that they were getting at last minute from business travelers, and a consumer problem which was people wanted to travel but they really didn't want to pay the fees or the price that the airlines had. So what Priceline enabled to do and the technology behind it was allowing consumers the power to name their own price. If you remember the early days with William Shatner and still so much right now which is great, but name your own price. The internet enabled it to happen because, in fact, we actually conceived the business with paper. So one of the versions we had, this was 1995, was that we would fax to the airlines the consumers' requests for airline tickets. It just couldn't work. It couldn't work with paper. It couldn't work with telephone, so it was enabled by the internet. We really were not a technology company.

We needed the net to provide the computing power, but really we're solving the consumer problem, and it was a business model issue. I think that is a really interesting observation for entrepreneurs in the room in that Priceline wasn't a technology play. It was an insight about a business model, and that, I think, maybe, is a segue into: What are you doing now? What is MissionPoint Capital and what is the insight about that business? Well, it's important to say that Priceline was really not a pure technology play because people who know me know that I'm not all that savvy on technology, so I made sure that I was clear about that. Where we are with MissionPoint Capital and where we are in solving these large-scale environmental issues feel the same way in that the solutions to large-scale environmental issues, climate change, in particular, is not going to be solved entirely with technology. I guess I have to be somewhat careful where I am when I say that. But the issues are so large with climate change that technology will enable the solutions but there are business model issues, there are systematic issues that need to be addressed in order to really solve the issues of the carbon economy that we're in and the transition to a low carbon economy. So we are based in Connecticut. We are East Coast based, and we look at technology as an enabler upon the solutions, but we also really look primarily at the capital markets and see how the capital markets and changes in the capital

market systems can affect this transition to a low-carbon economy.