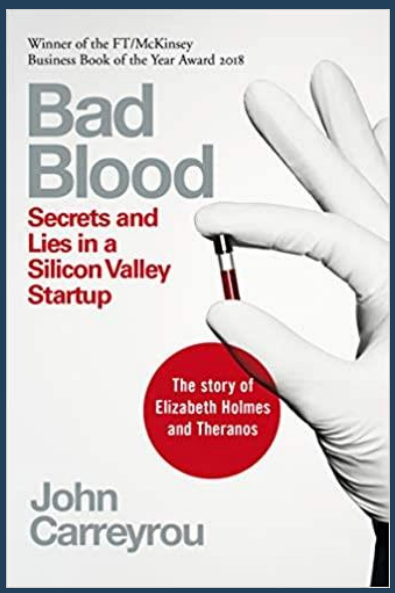

Bad Blood

Bad Blood: Fraude Bilionária no Vale do Silício
Year of publication: 2019
Author: John Carreyrou
320 pages
Link for purchase: https://amzn.to/2ys937U

"Bad Blood", released in 2019, was written by John Carreyrou, who tells the full story of Theranos, from the meteoric rise to the shocking collapse.
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Score

9

8 Aplicability
9 Inspiration
10 Innovation
7 Impact on results
9 Structure

Main ideias of the book

- How a company that promised a product that didn't work was valued at $ 9 billion;
- Theranos forged data and falsified results to deceive regulators, investors, and customers;
- The startup's legal team threatened to sue employees who, because they discovered the fraud, resigned.

For whom is this book suitable?

According to Yashar Ali of New York Magazine, “Theranos' history may be the biggest case of corporate fraud since Enron. But it's also a story about how many powerful men were fooled by an impostor.”

If you want to know how Theranos went bankrupt $ 9 billion, this is for you.

Overview of the book

“A deliberate life”

Elizabeth Anne Holmes, as a child, wanted to be a successful businesswoman.
At age nine, during a family reunion, the girl was asked the question, "What do you want to be when you grow up?"
His answer was clear: "I want to be a billionaire."
“Don't you want to be president?” A family member asked her.
The girl clearly stated, "No, the president will marry me because I will have billions of dollars."
According to a relative who watched the scene, these were not meaningless words from a child. Elizabeth said them with the utmost determination and honesty.
In addition, her parents fed her ambition. Christian and Noel Holmes placed high expectations on their daughter, who carried the strong ties of distinctive family history.

"What do you want to be when you grow up?" "I want to be a billionaire." “Don't you want to be president?” "No, the president will marry me because I will have billions of dollars."

Elizabeth said in an interview that she had grown up listening to stories of grandeur and what happens to people who do not live deliberately.

“Stanford and Chemical Engineering”

During her high school, Elizabeth rigorously pursued her studies, staying up late to study, becoming an exemplary student. And so it established a standard of living: little sleep and overwork.
With the time to choose a college to approach, Holmes focused his attention on Stanford. It was the expected choice for a talented person interested in computers and science who wanted to become entrepreneurial.
Elizabeth was accepted at Stanford in 2002 as a President's Scholar Scholarship, a highlight given to top students, which provided $ 3,000 for students to pursue intellectual interests of their choice.
Holmes thought that to truly make a mark on the world, one had to accomplish something that would bring about the greater good. Biotechnology afforded a chance for such achievement, as well as turning it into a billionaire. So she decided to study chemical engineering.
It was through this story that Holmes met Stanford professor Channing Robertson and Shaunak Roy, a doctoral student who worked in Robertson's research lab.
In 2003, Elizabeth had a summer internship in Asia, which was having difficulty spreading a disease called Acute Respiratory Syndrome, or SARS. She spent the entire summer testing her patient samples using outdated methods without technology. This experience made it clear to her that there should be more efficient ways to perform exams.

“Therapy e diagnosis”

Returning from his internship, Holmes spent five straight days at his computer, sleeping only a few hours a day. He finally filed a patent for an arm patch that was capable of both diagnosing and treating medical conditions.
When she returned to her sophomore year of college, Elizabeth presented her patent to Robertson and Shaunak. According to Robertson, “she could somehow take scientific engineering concepts and synthesize them in unimaginable ways. Among the tens of thousands of students, I had never met anyone like this. I encouraged her to go ahead and fulfill her dream.”
Shaunak was a little more disbelieving. The idea she was showing seemed to him somewhat unlikely. But he got carried away by Robertson's excitement and the desire to launch a startup.
After completing his doctorate in 2004, Shaunak joined the startup as a first employee. Robertson, in turn, came to the board as a consultant.
Elizabeth started her company under the name of Real-Time Cures. She later changed her name to Theranos, which is a combination of the words “therapy” and “diagnosis”.

“The most popular startup in the Valley”

To get the necessary funds, Elizabeth made use of the connection her family had, earning a few million dollars. But not everyone bought the idea.
In July 2004, Holmes met with MedVenture Associates, an investment firm specializing in medical technology.
In front of five partners in this company, Elizabeth spoke eloquently about the potential that her technology had to change humanity. However, potential investors were interested in the technical details of how Theranos's product differed from one that had already been developed and marketed by a company called Abaxis.
Unable to answer the questions, Elizabeth got up and left the meeting, panting and visibly nervous.
MedVenture was not the only company to reject Theranos's ideas. But that didn't stop her from making millions of dollars by the end of 2004.
Finally, the idea of the patch was completely discarded and the new product was similar to devices that measure blood glucose levels. The intention was for the device to be portable, and Elizabeth wanted him to be able to analyze many substances, which would make the equipment more complex and larger.
The patient would need to poke his finger to have a small blood sample collected and then place it in a cartridge called a "reader.“
Holmes wanted to place the cartridges and readers in the patients' house, so they could perform the exams regularly. An antenna on the reader would send the results to a computer through a central server.
In this way, doctors would be able to adjust the medication quickly, it would not be necessary for the patient to go to the laboratory, perform the collection, wait for the result and take in the next appointment.
A year and a half after Shaunak joined Theranos in late 2005, the company had a prototype, Theranos 1.0, and over 20 employees. The startup was starting to get attention.
At Christmas, Elizabeth e-mailed her employees wishing "great holidays". She also mentioned the interview given to Red Herring, a technology magazine. At the end of the email, she said: “A toast to the most popular startup in the Valley !!!”

> *She could somehow take scientific engineering concepts and synthesize them in unimaginable ways. Among the tens of thousands of students, I had never met anyone like this. I encouraged her to go ahead and fulfill her dream.*

The End of Scam

In July 2015, the American entrepreneur, already described as the "new Steve Jobs," was assured that Theranos would become the Apple of her generation. She came to this conclusion after hearing a speech by a former Brazilian president.
Received at NASA's Ames Research Center in Mountain View, Calif., The former president told a small group of powerful billionaires such as Tom Siebel (from C3) and investor Tom Stephenson (from Sequoia Capital) , that one of the points that united two of the largest economies in the world, Brazil and the United States, was precisely to find a technological solution to solve the various problems of public health.
To Elizabeth, such a statement from a president was like music to her ears. That's because the company that promised to revolutionize the blood test segment was at its best right now, with a growing media interest in its founder.

In October 2015, a report published in the Wall Street Journal by John Carreyrou brought out unimaginable details about the routine of a totally disorganized business grounded in an idea that was ultimately a big lie. One of the biggest hoaxes ever told in Silicon Valley had just been exposed.
As a result, Theranos' market value has plummeted, lawsuits and complaints against the company and its founder have sprung up, and many who have been carried away by Holmes's speech, filled with catchphrases on motivation and entrepreneurship, have come to fruition. feel a mixture of dishonor and revolt.

What other authors say about it?

In "Influence: Science and Practice," Robert Cialdini says that persuasion practitioners know exactly what they want and where to go, and so use psychological principles to achieve their goals.

Psychologist Carol Dweck's book “Mindset” discusses how our beliefs shape our behavior and growth. While mindsets produce definitive worldviews, human beings can be taught to respond in different ways, such as facing challenges and thinking otherwise.

Okay, but how can I apply this in my life?

By positioning Theranos as a technology company in the heart of the Valley, Holmes has channeled the “lie until it's true” culture, going to extremes to cover its fraud.

Many Silicon Valley companies force their employees to sign confidentiality agreements, but Theranos's obsession with secrecy went far beyond that.

Elizabeth was manipulative. Says Carreyrou: “There is no doubt that his moral standard was totally distorted. I am pretty sure she did not initially intend to defraud investors and endanger patients when she gave up Stanford.”

She had a vision she truly believed in and threw herself for its realization. However, there was a time when she stopped listening to prudent advice and began to lie.

His ambition was destructive and did not accept interventions. If there were any side effects on your way to fame and wealth, that is all.

As Jina Choi, director of the SEC in San Francisco, said, "Entrepreneurs looking to revolutionize and disrupt the industry must tell the truth about what their technology can do today, not what they expect it to do one day."

Today, Holmes is an example, not of entrepreneurship, but of what not to do in Silicon Valley or anywhere in the world.

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