



Inside Code: Insights from Recode's Premier Tech Conference

The Code Conference is one of the leading conferences for the technology industry in the U.S., and arguably the best. Set in the idyllic backdrop of Rancho Palos Verdes with its sweeping ocean views, the Code Conference is unsurpassed in its headline speaker line-up, its top-notch participant audience, and its frank conversations on stage that typically break news. This year's annual Code Conference did not disappoint.

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1 Watchword of the Times: Responsibility

One by one, senior executives acknowledged that the technology industry bears a responsibility to its customers and, more importantly, society in general. Code's lead host Kara Swisher called the recent events affecting the tech giants a "reckoning" in her conference introduction.

Microsoft President Brad Smith set the tone for the show by outlining his company's responsibilities and those of the larger tech industry in the opening interview. No other economic sector has as much global impact as the technology industry, he said. At a time when pressures are pushing companies toward unilateralism and nationalism, technology companies must consider how they can be successful as an industry globally and sustain the trust of the world.

To sustain innovation, Microsoft and others must take a more inclusive approach to creativity. "We need to use our voice as an industry," Smith said. "We need to look for compromise" and make the world better for people who are here. The three things Microsoft needs to do specifically, Smith said, are 1) stand up for its employees, whether they be Dreamers or H1B visa holders; 2) show it is committed to providing opportunities for everyone in this country, not just people who come to the U.S.; and 3) preserve decency by engaging in dialogue.

Gone are the days when tech companies thought they didn't need to answer questions about how or why they operated because users had signed up to use their (usually) free service. When Airbnb CEO and founder Brian Chesky first moved to Silicon Valley, tech entrepreneurs thought, "If we're good, why do we need to do more?" he said. Now, "we need to consider our impact on society. Society expects more. We need to balance the needs of society with the needs of the business."



All of us are acknowledging we have a greater responsibility, 

Airbnb founder Brian Chesky

Evan Spiegel, Snap co-founder and CEO, was particularly poignant. "Life is about having an impact on the world," said Spiegel. "I worry that businesses reduce things to numbers. The thing about values is these things can't be quantified."

Big tech companies say they have an obligation to speak out on societal issues and be a force for change in the absence of political or other social leaders doing so. AT&T CEO Randall Stephenson was asked why he gave a 2016 speech to AT&T employees about the racial tensions around several killings of black men such as the death of Michael Brown in Ferguson, Mo., which set off riots. "None of our political leaders were stepping up to give context to our people and my employees were struggling with this," he said. In his speech to employees, he offered context for why African Americans might feel such outrage over the killings and take up the slogan "Black Lives Matter." He also encouraged his employees to talk to each other about why these incidents were happening so they can better understand where other perspectives are rooted. "I'm glad I did it, I'm glad it went viral," Stephenson said.

When talking to Kara Swisher, Recode's co-Executive Editor and a former co-worker, I asked her on Day 2 what she thought the biggest takeaway was from the conference. In her uncanny ability to get to the heart of the matter, she said, "They're finally starting to get it."

... Now, more than ever, companies will be asked to explain their mission or social purpose.

2

Diversity and Inclusion

These two words were bold-faced, italicized and underlined throughout Code. Here are a few suggestions from the various speakers of how companies can alter the balance when it comes to diversity and inclusion in their own ranks:

- **Re-engineer the VC industry to remove bias.**

The venture capital industry is a small industry of white men, where 90% of the money goes to all-male teams, said Aileen Lee, founder of Cowboy Ventures. The VC industry suffers from the “good guy problem,” which is that “good guys have hired and funded good guys,” said Lee, whose firm invests in seed-stage technology companies. Tech investors need to re-examine how they go about their jobs, both in funding start-ups and in hiring at their own firms. One study found that investor questions asked of female entrepreneurs seeking funding were “decelerating questions” such as “Why isn’t your market bigger?” On the other hand, male entrepreneurs were asked “accelerating questions” such as “How big can your market get?”

- **Outperform the industry standard.**

Microsoft President Brad Smith said about half of the lawyers at Microsoft are women, up from 22% when he started at the company. Microsoft found out the gender breakdown for the legal industry and sought to surpass it.

- **Slow down and think things through.**

Sukhinder Singh Cassidy, founder of theBoardlist, a curated marketplace to find women for private company boards, said the tech industry has valued speed over all else. However, it takes intentionality in basic decisions and company processes to remove biases.

- **Start at the top.**

Make diversity a priority at the board level, said AT&T CEO Randall Stephenson. Reflect the composition of the marketplace. If companies don’t get it right at the top, they won’t get it right at the bottom, he said.

... Inclusion affects all companies. Fear of reputational loss and the repercussions will drive behavior.

3

Regulation

More government regulation is becoming inevitable because tech is becoming a bigger part of people’s lives. If companies and people create technology that changes the world, the world will want to govern and regulate them, said Microsoft President Brad Smith. Antitrust has an important role. Antitrust cases are brought one case at a time, company by company. But it can also have broad impact on large business sectors, such as TV and radio which have been regulated. Though the Internet hasn’t been regulated, Smith said, people are now asking for it. As a result, sectorial regulation is rising.

Last week, this regulatory view was aired by the [Wall Street Journal’s](#) Christopher Mims, who wrote an important piece of analysis questioning whether Amazon, Facebook and Google may be repeating the history of steel, utility, rail and telegraph empires past.

Airbnb’s Brian Chesky said regulation on the local level will continue to be a struggle for his company. Major legislative battles in New York and San Francisco have continued for years, which is not what Chesky expected. He thought his struggles would be over by now and he realized he was wrong. It has forced Airbnb to change its behavior: it has collected \$500 million in hotel tax.

Evan Spiegel pointed out that Snap has built its entire business around the idea of minimizing data collection as its original core feature was trading pictures that disappeared. He was pleased that strict privacy laws like General Data Protection Regulation in the European Union are forcing others to do the same.

Going to Market: Forging Your Own Path

Spotify CEO Daniel Ek outlined the three reasons he did a direct listing:

- 1 Transparency:**
The traditional process of IPOs bothered him. It didn't sit well with him that companies put out public registration paperwork that they then can't comment on or discuss in an era where information is available instantaneously. Ek said, "I wanted to see if there was a way to push more transparency so that we could actually be open and could tell the story differently."
- 2 Equal access to all types of shareholders:**
He wanted all shareholders, whether institutional or retail to have information at the same time. Most IPOs go on a roadshow where they speak to institutional investors in closed meetings. He wanted everyone to have the exact same information.
- 3 Putting everyone in the same boat:**
Ek wanted employees to be able to sell shares alongside executives, rather than have different selling or trading windows for one class of shareholder versus others.

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Mylene Mangalindan
Director, San Francisco

Mylene Mangalindan is a TMT sector specialist and advises clients on a range of corporate and financial communications. She has extensive experience in media relations, corporate positioning and crisis communications.

Before Brunswick, Mylene was a senior vice president at another corporate communications consultancy, where she worked with clients such as Qualcomm, Salesforce, VMware and Ford. Prior to that she was director of corporate communications at Hewlett-Packard Co., where she helped steer the company's communications during a tumultuous period in which the company had three CEOs in three years.

Before her career in communications, Mylene spent 15 years as a reporter at various publications including the Wall Street Journal and Bloomberg News. Mylene began her career covering business at the Virginian-Pilot in Norfolk, Virginia.