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TECH'S NEW BIG DOG: Mark Pincus, at Zynga's San Francisco offices with his bulldog, Lola (opposite), has been under siege for his questionable methods of generating revenue.

YOU CAN SAY THIS ABOUT MARK PINCUS: HE MAY BE THE MOST REVILED MAN IN THE tech business, but he doesn't lie. The 44-year-old founder of Zynga took the stage last March at Blakes on Telegraph, a cramped Berkeley dive that helped launch bands like Cake and Third Eye Blind, and told a rapt audience of aspiring Netpreneurs that he carried dodgy ads, enticed game users to download questionable software, and had done "every horrible thing in the book to just get revenues right away." ¶ At the time, Pincus' remarks were met with polite applause. But as Zynga's profits mushroomed, behind insanely popular social-network games like FarmVille, FishVille, and Mafia Wars, so did the scrutiny. In the fall, TechCrunch, the blog of record for the Internet sector, ran a series of exposés entitled "ScamVille," accusing Zynga of profiting from fraudulent advertising offers. Three weeks later Zynga was served with a class-action lawsuit alleging that it hosted false advertising and encouraged users to accept dubious offers by presenting them with virtual poker chips and other inducements. When the tech blogosphere got hold of a video of Pincus' speech, comment boards lit up. Web 3.0 had its first villain, and his name was Mark Pincus. ¶ Whether or not he truly is black of heart, Pincus isn't afraid to be seen as such. Sitting in a raucous Japanese restaurant in San Francisco's Financial District, he is slightly built and boyish-looking. Dressed in expensive Nike sneakers, jeans, and an untucked oxford shirt, he looks like any other tech type, but he sounds like a banker—only brasher. "You read all these stories now about how Google is evil," he says. "But I admire Google. I want Zynga to be one of the five or six brands that matter in people's lives. We are the skyscrapers of the 21st century." Heady, some would say pompous, words. But since founding Zynga in July 2007, Pincus has accomplished something shockingly rare among tech start-ups: He has made money—piles of it. Brands like Twitter may have all the cachet, but Zynga is the fastest horse in the earnings race—already banking more than \$200 million a year, according to industry estimates. Problem is there's an unwritten rule in the post-Microsoft tech world that says one must conceal the profit motive by wrapping it in the cloth of digital empowerment or the open-source ethos or even the Internet-as-computer-nerd-fraternity affectations of Digg's Kevin Rose. (It's no coincidence that Google's corporate slo-

THE MOST HATED MAN ON FACEBOOK

MARK PINCUS, THE CEO OF ZYNGA, MAKES MADDENING GAMES LIKE FARMVILLE AND MAFIA WARS, BUT THAT'S NOT WHY HE'S TREATED LIKE A VILLAIN IN SILICON VALLEY. HIS CRIME: BEING A PROFIT HOUND.

The Zynga Empire

PINCUS' GAMES MAY ANNOY YOU ON FACEBOOK, BUT THEY'RE WILDLY POPULAR AND A MODEL FOR THE "APP" ECONOMY.

	GAME	LAUNCHED	TOTAL ACTIVE USERS*
1	FARMVILLE	June 2009	82.6 million
2	CAFÉ WORLD	September 2009	30.1 million
3	ZYNGA POKER	July 2007	28.5 million
4	MAFIA WARS	August 2008	25.1 million
5	FISHVILLE	November 2009	23.2 million
6	PETVILLE	December 2009	20.1 million

*as of late March

gan is "Don't be evil.") "Zynga has been very aggressive about monetizing their product," says Justin Smith, editor of the tech blog Inside Social Games. "That doesn't go over too well in this town."

Yet Pincus, a Harvard M.B.A. who flamed out at Lazard Frères and Bain & Company, has no qualms about being the Gordon Gekko of the geek economy. "Twitter doesn't even care about making money," he says. "They think it's cool that the State Department asked them to keep the servers running during the Iranian protests. And that is cool. But I respect companies that build a service that can scale and make a lot of money."

This bluntness is nothing new. Pincus managed to burn most of his bridges on Wall Street; he was asked to leave Bain after mousing off to his bosses. "I went out of my way to tell people they were stupid if I thought they were. People loved me or hated me," he recalls. "In hindsight I was forcing myself to be an entrepreneur—I was shutting all the doors." He launched his first start-up, FreeLoader, in 1995 with a \$250,000 loan and sold it seven months later for \$38 million. More followed until, in 2003, he thought he'd found his rainmaker, an ahead-of-its-time social network called Tribe. It failed to take off but taught Pincus what he needed to know to make Zynga fly. "Social networks are like cocktail parties: You bring all these people together and there's nothing to do," he says. "We've given them something to do, created interaction and this entire virtual-goods system."

Technologically, there's nothing revolutionary about games like FarmVille and Mafia Wars and Zynga Poker—they're simple but addictive time-wasters. Five of Pincus' games rank

among Facebook's top 10 applications, and Zynga is fast becoming a hit on iTunes' app store. While the vast majority of Zynga's 235 million users play for free, a small percentage have been willing to fork over 55 FarmVille bucks (\$2 in actual money) for two blue barns or buy 400,000 poker chips for \$20 in real currency. Although some question Zynga's long-term growth potential, industry observers estimate its value at more than \$1 billion. Pincus insists an IPO or sale isn't in the offing—why would he bail just as the new app economy is becoming a reality? "We're at the dawn of the new Web business plan," he says. "We've created a whole new industry."

As he speaks, Pincus alternates between sake and green tea—it's an unusually chilly December night, and he's fighting a cold. "I'm trying to kill it the old-school way, with alcohol," he says with a sly grin. Although he isn't one to concede easily, he's no fool. He recently announced he was putting a halt to the troublesome third-party offers, which one Zynga executive said account for a third of the company's revenue. "We were playing Whac-A-Mole," he says. "It was out of control and hurting legitimate advertisers like Netflix." What remains to be seen is whether this self-policing will help him in court. The class-action suit filed against Zynga (and its host, Facebook) by a Sacramento law firm on behalf of a Santa Cruz resident who claims ads served up by Zynga scammed her out of hundreds of dollars is seeking \$5 million. "We take it seriously," Pincus says of the case. "But we think it is an opportunistic suit." Sure to be dredged up as evidence is Pincus' "every horrible thing" speech. "I didn't mean to be so crass," he says, sighing. "But I was

talking in a bar."

Even when Pincus tries to do something noble, his motives are attacked. In March, the Brazilian news service Folha Online claimed that Zynga's charity, aimed at helping Haiti, was poorly designed and intentionally confusing. The story was retweeted thousands of times and Zynga was quickly hammered by the tech blogs Valleywag and Social Media Today, which insinuated that the company was skimming half of the money given to aid Haiti. As it turns out, the online peanut gallery had confused two Zynga Haiti charity campaigns, the one in place prior to the January earthquake, which donated 50 percent of the proceeds from the sale of virtual goods, and the effort launched after the disaster, in which 100 percent of users' purchases went to the UN's World Food Programme and which raised \$1.5 million. And in any case, Pincus says, he was up front about the earlier program. "What did they want me to do?" he asks. "Put it in Portuguese? There's no difference between buying white corn on FarmVille and us donating 50 percent of the proceeds vs. buying an iPod and Apple donating only 10 percent," says Pincus. "We're giving people another reason to buy what they want. If you feel uncomfortable buying, how great is it that a portion of your \$5 purchase goes to charity?"

But it's clear that many of the criticisms—especially those questioning his work for Haitian earthquake relief—irk Pincus. "It's really reprehensible. I feel morally offended that we get attacked by the media for doing something good and no one else is outraged when these people are wrong," he says incredulously. A little gratitude might be nice, he adds. "We invented social gaming. We were the first ones to figure out virtual goods and social pay, and we've helped the whole industry. They haven't thanked us for it."

In time his critics may grudgingly come around. Social Media Today issued a clarification about its coverage of donation-gate that struck a distinctly apologetic tone. And in January, Pincus was named CEO of the Year by TechCrunch, startlingly enough, voted in by the very readers who savaged him a few months before. One person, at least, wasn't surprised: "The same people who called you an idiot will kiss the ring," Pincus says, downing the last of the sake. "Because we have the chance to make history." ■



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