



AN EXECUTIVE SUMMARY OF **THE THIRD WAVE**

by **Steve Case**

Who is Steve Case?

Steve Case, born on August 21, 1958, is an American investor, entrepreneur and businessman who co-founded AOL (America Online) when only 3 percent of Americans were using the Internet. He also oversaw one of the biggest mergers in history when AOL merged with Time Warner. After his retirement, Steve has invested in several businesses and ventures. Read on to know more about Steve Case and his book: **The Third Wave: An Entrepreneur's Vision of the Future.**

Preston and Stig's General Thoughts on the Book

Over the past few years, we've had the privilege to study what happened in the years leading up to the Dot Com bubble, and what took place when it eventually burst. Steve Case's new book is an interesting new take on what happened, and I've especially enjoyed his discussions about the rivalry and cooperation with Microsoft and Apple.

Steve Case provided his take on what he calls the "Third Wave" where everything in the future is Internet-enabled. Surprisingly this is the least valuable section in my opinion. Rather, this book is a great contribution to those who want to understand how a few companies shaped the infrastructure of the Internet, and how different the technology industry might look today if different decisions were made more than a decade ago. The book is interesting but not groundbreaking. I would recommend it to anyone wanting to learn Case's opinion on the AOL development.

Chapter 1: Opportunity

If there was anything Steve was sure of as a child, it was that he wanted to become an entrepreneur. He was different from his brother in several ways, but they both shared a common interest in one area – entrepreneurship. Steve continued with his dream even as he graduated from college, and it only intensified after he read Toffler's book named *The Third Wave*. Although many people advised him to focus more on his education rather than wasting time on random harebrained ideas, he pursued them nonetheless.

Steve took his first job at P&G where he learnt a great deal about capturing consumer interest. He then shifted to Pizza Hut since he believed that it would help understand how a business worked. He lasted in the company for just a year, but he found a great opportunity where his brother told him about CVC – an online gaming company. Steve became a full-time employee, but although the concept of a music store online sounded great, it was a disaster for them. Later, they dissolved the company and founded a new one, and profits finally began to roll in.

Chapter 2: Getting America Online

Even after CVC's transformation into Quantum as a new company, things didn't go well for Steve and his colleagues, especially after Apple canceled their contract. Again, they had to start afresh, but this time, they had Apple's \$3 million as settlement. They rebranded the company and named it "America Online". They weren't sure if the company would work, but now that they were working for themselves instead of Apple, the initial fear gave way to excitement.



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AOL didn't have any traction for the first year, but with help from Windows, the business picked up speed. They also launched campaigns to convert the nonbelievers to believe in the power of the Internet. Everybody noticed Steve's efforts and his leadership skills, and he became the CEO in 1991 when he was only thirty-two years old. Steve suggested that they raise money by going public, but the board members decided to demote him since they believed that he needed more experience. Later in 1992, AOL went public, and Steve was elected as the CEO again in 1993.

Chapter 3: The Third Wave

The Third Wave will bring a new wave of technological evolution where the Internet will be integrated into every single part of our life. Day-to-day activities such as finance, transportation, health, education and everything else will be managed without any hassles. But, as this new wave gains more speed, entrepreneurs could get disrupted. For instance, recollect what's occurring in Silicon Valley for at least a few decades and apply the same phase of ambition and innovation taking over our economy.

For entrepreneurs looking for disrupting industries, there can't be anything better than the healthcare system. Not only is it massive, but the people managing it have been extremely slow in adopting modern technology. It's common knowledge that the industry needs a big makeover, especially with hospitals still stuck to old times. At the end of the day, the healthcare system in America charges more than other countries, yet it fails to be productive, and that's only because they are still stuck in times where the Internet wasn't available. The possibilities are endless, and with the right leadership, the healthcare system can be revitalized. Fortunately, some entrepreneurs identify the opportunity and even simple fitness trackers can be transformed into apps that monitor a patient's heart rate and other vital signs.

Chapter 4: Start Up, Speed Up

Although AOL was doing well, companies like Prodigy, with the backing of IBM, posed a real threat. Also, companies like Microsoft, General Electric and AT&T were gearing to enter the market, and since AOL was still climbing its way up the ladder, Steve was worried about its future. However, what catapulted AOL's brand was a deal they made with IBM. IBM had already spent \$500 million on Prodigy, but they decided to go along with AOL, much to Prodigy's chagrin.

In fact, AOL picked up so much traction that a rival company – CompuServe – decided to buy the company to kill competition. They offered \$50 million and later increased it to \$60 million. While some of the board members were in favor of selling, Steve completely opposed it and managed to stop the acquisition. At the time, even Bill Gates and Paul Allen from Microsoft showed a lot of interest in acquiring the company, but Steve and the remaining board members resisted even when they were shaken with Bill's implied threat. Microsoft launched MSN, but it didn't do well, and AOL had managed to completely change the game.

Chapter 5: The Three P's

If entrepreneurs want to excel with the Third Wave, they will have to be masters of execution. So, what can you do differently and beat your competition? You must possess the three P's – policy, perseverance and partnership – to outsmart your rivals. When it comes to partnership, it's important to understand that a company might have to go hand in hand with its competitors. For instance, when Apple launched iPod, they had to work with their rivals to get the licenses, which ultimately helped iPod gain more traction in the market. Similarly, even if you have a great product, it's essential that you have different partners who bring in their resources, ideas and credibility to the table.

Secondly, with the rapid advance of the Third Wave, policies are becoming stricter than ever. Of course, we don't want startups launching products that might be unsafe for us and our children. At the same time, we have many

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people opposing unnecessary regulations, but no matter what they do, the changes will only be minimal since the government plays a key role in managing policies. Entrepreneurs vying for success will have to have a firm grasp about policies before making any major decisions.

Thirdly, entrepreneurs must understand the importance of perseverance in the fast paced Third Wave. Today, it becomes almost impossible for companies to bounce back if they are rejected by customers initially, but the companies that pursue their goals doggedly will get to relish the rewards at the end of it all.

Chapter 6: Pardon the Disruption

Many entrepreneurs fear small companies coming out of nowhere, and with good reason. Smart companies will manage the oncoming wave by constantly developing existing products, but some businesses might be complacent, especially if they feel that they are immune to the disruption. With firms vanishing overnight, it's definitely not a good idea to be overconfident as things change extremely fast today.

In fact, studies suggest that most of the top-rated companies will disappear by 2020. Therefore, even if you feel that your products are ahead of time, you have to spend money and time on research to figure out what your consumers need. Of course, you want to prevent any potential mistakes that could destroy the company, and some may even advise you not to take any risks, but the biggest risk or threat to your company arises when you do nothing.

Chapter 7: The Rise of the Rest

America offers a lot of opportunities to entrepreneurs, but over the past few decades, places like California, Massachusetts and New York saw a bigger concentration of entrepreneurial graduates compared to other regions. Fresh graduates headed out of town and travelled to such places to pursue their dreams simply because it wasn't possible from their hometowns.

While there's nothing wrong with it, and progress is always a good thing, economical gains were distributed only in these areas, making them wealthier than the others. But, that's all about to change with the advent of the Third Wave. The rest of America will now rise and we'll see startups launched in many different cities such as Austin, Denver and Pittsburgh. This new system not only guarantees more employment, but it will also prevent the brain drain that had plagued America for so many years.

Chapter 8: Impact Investing

For years now, investors have only focused on maximum returns and have also expressed their ire on CEOs who are conscious about its social impact. However, with the advent of the Third Wave, this mindset is going to change too. Many investors are now focusing on impact investing, which not only generates good revenue, but also features some altruistic social benefits. In other words, impact investing generates profits, but with a purpose.

Many startups are already making social benefit a part of their vision for their companies. Investors who want to make money and help someone at the same time can find several companies opening the doors for them. As the investments generate tremendous value, even the customers are happy to purchase such products to contribute to the greater good, and with time, impact investing will become a global trend.

Chapter 9: A Matter of Trust

In 2000, AOL was basking in its success with a valuation of \$163 billion – a growth that catapulted stock rates and made AOL the leader of the Internet in the 90s. The growth was spectacular, but the company wanted to lock in its



value to keep up with the changing trends. They considered merging with several companies, and Time Warner seemed the best option.

The merger with Time Warner not only beneficial, but it was also necessary because of the net neutrality battle that continued over the years. Steve convinced the CEO of Time Warner – Jerry Levin – that he would step aside, and that Jerry could take charge of the merged company, and although this was the biggest acquisition in history, things didn't go as planned for AOL when the dot-com bubble burst.

Chapter 10: The Visible Hand

Political debates have taken centre stage in the past, and many entrepreneurs have taken the brunt of many government policies. However, there is no way around it as the government is going to play a key role in the Third Wave. No matter what you do as an entrepreneur, you can't win if you fight the government even if things don't work well for you.

Entrepreneurs tend to work independently and it's understandable for them to not get involved with the government; however, since the government is responsible for setting up the environment for successful entrepreneurship, it's important to accept the rules and go hand in hand with the government.

Chapter 11: America Disrupted

While it's essential for entrepreneurs to abide by the government rules, it's equally important that the government takes the entrepreneurs seriously. Now, it's obvious that the Third Wave will bring in a lot of benefits to the American consumers, but it's unclear as to which economy will be benefited most, and even though the American government has been the global leader for a long time, it's apparent that a sense of complacency has taken over incumbency.

Many people may challenge this fact, but the truth remains that several countries have stepped up to challenge the American dominance. For instance, no American company made it to the list of the best automakers even though this industry was born in the USA. History shows that America has ceded more opportunities than seizing them, and if this continues, the Third Wave will be more beneficial to other economies instead of the USA.

Chapter 12: Ride the Wave

Entrepreneurs looking to launch their startups will face many obstacles. Sometimes, the future will be absolutely uncertain and the path you choose may be treacherous. You might even have to come out of your comfort zone and take some risks, but that's how it is with entrepreneurship. If you've listed all the pros and cons and still want to become an entrepreneur, there are a few things you must remember.

Firstly, it's important to understand that the Third Wave will change everything where the Internet will be used to perform all tasks. Certain industries that manufacture products necessary for our daily lives will also transform dramatically, and as an entrepreneur, it's best that you find a formidable partner to manage your business even if it's the government. Sure, the entire process may seem cumbersome, but remember that the fate of your company rests in your hands, and you're the one who can convert obstacles to opportunities



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