

# Uber's C.E.O. Plays With Fire

Travis Kalanick's drive to win in life has led to a pattern of risk-taking that has at times put his ride-hailing company on the brink of implosion.

---

Illustration by T.S. Abe for The New York Times

**By Mike Isaac**

April 23, 2017

SAN FRANCISCO — Travis Kalanick, the chief executive of Uber, visited Apple's headquarters in early 2015 to meet with Timothy D. Cook, who runs the iPhone maker. It was a session that Mr. Kalanick was dreading.

For months, Mr. Kalanick had pulled a fast one on Apple by directing his employees to help camouflage the ride-hailing app from Apple's engineers. The reason? So Apple would not find out that Uber had been secretly identifying and tagging iPhones even after its app had been deleted and the devices erased — a fraud detection maneuver that violated Apple's privacy guidelines.

But Apple was onto the deception, and when Mr. Kalanick arrived at the midafternoon meeting sporting his favorite pair of bright red sneakers and hot-pink socks, Mr. Cook was prepared. "So, I've heard you've been breaking some of our rules," Mr. Cook said in his calm, Southern tone. Stop the trickery, Mr. Cook then demanded, or Uber's app would be kicked out of Apple's App Store.

For Mr. Kalanick, the moment was fraught with tension. If Uber's app was yanked from the App Store, it would lose access to millions of iPhone customers — essentially destroying the ride-hailing company's business. So Mr. Kalanick acceded.

In a quest to build Uber into the world's dominant ride-hailing entity, Mr. Kalanick has openly disregarded many rules and norms, backing down only when caught or cornered. He has flouted transportation and safety regulations, bucked against entrenched competitors and capitalized on legal loopholes and gray areas to gain a business advantage. In the process, Mr. Kalanick has helped create a new transportation industry, with Uber spreading to more than 70 countries and gaining a valuation of nearly \$70 billion, and its business continues to grow.

But the previously unreported encounter with Mr. Cook showed how Mr. Kalanick was also responsible for risk-taking that pushed Uber beyond the pale, sometimes to the very brink of implosion.

Crossing that line was not a one-off for Mr. Kalanick. According to interviews with more than 50 current and former Uber employees, investors and others with whom the executive had personal relationships, Mr. Kalanick, 40, is driven to the point that he must win at whatever he puts his mind to and at whatever cost — a trait that has now plunged Uber into its most sustained set of crises since its founding in 2009.

"Travis's biggest strength is that he will run through a wall to accomplish his goals," said Mark Cuban, the Dallas Mavericks owner and billionaire investor who has mentored Mr. Kalanick. "Travis's biggest weakness is that he will run through a wall to accomplish his goals. That's the best way to describe him."



Uber headquarters in San Francisco. The company has grown fast, spreading to more than 70 countries and gaining a valuation of nearly \$70 billion. Ryan Young for The New York Times

A blindness to boundaries is not uncommon for Silicon Valley entrepreneurs. But in Mr. Kalanick, that led to a pattern of repeatedly going too far at Uber, including the duplicity with Apple, sabotaging competitors and allowing the company to use a secret tool called Greyball to trick some law enforcement agencies.

That quality also extended to his personal life, where Mr. Kalanick mixes with celebrities like Jay Z and businessmen including President Trump's chief economic adviser, Gary D. Cohn. But it has alienated some Uber executives, employees and advisers. Mr. Kalanick, with salt-and-pepper hair, a fast-paced walk and an iPhone practically embedded in his hand, is described by friends as more at ease with data and numbers (some consider him a math savant) than with people.

Uber is grappling with the fallout. For the last few months, the company has been reeling from allegations of a machismo-fueled workplace where managers routinely overstepped verbally, physically and sometimes sexually with employees. Mr. Kalanick compounded that image by engaging in a shouting match with an Uber driver in February, an incident recorded by the driver and then leaked online. (Mr. Kalanick now has a private driver.)

The damage has been extensive. Uber's detractors have started a grass-roots campaign with the hashtag #deleteUber. Executives have streamed out. Some Uber investors have openly criticized the company.

Mr. Kalanick's leadership is at a precarious point. While Uber is financed by a who's who of investors including Goldman Sachs and Saudi Arabia's Public Investment Fund, Mr. Kalanick controls the majority of the company's voting shares with a small handful of other close friends, and has stacked Uber's board of directors with many who are invested in his success. Yet board members have concluded that he must change his management style, and are pressuring him to do so.

He has publicly apologized for some of his behavior, and for the first time has said he needs management help. He is interviewing candidates for a chief operating officer, even as some employees question whether a new addition will make any difference. He has also been working with senior managers to reset some of the company's stated values. Results of an internal investigation into Uber's workplace culture are expected next month.

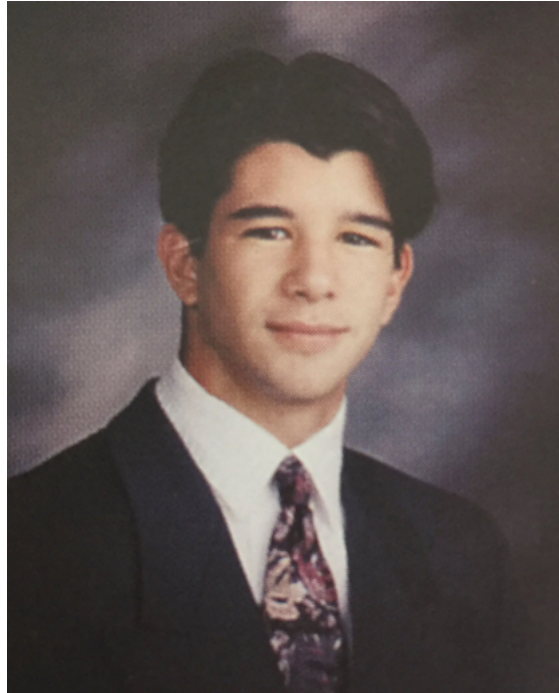
Through an Uber spokesman, Mr. Kalanick declined an interview request. Apple declined to comment on the meeting with Mr. Cook. Many of the people interviewed for this article, who revealed previously unreported details of Mr. Kalanick's life, asked to remain anonymous because they had signed nondisclosure agreements with Uber or feared damaging their relationship with the chief executive.

Mr. Kalanick's pattern for pushing limits is deeply ingrained. It began during his childhood in suburban Los Angeles, where he went from being bullied to being the aggressor, continued through his years taking risks at two technology start-ups there, and crystallized in his role at Uber.

## Selling Efficiency

Mr. Kalanick grew up in the Northridge neighborhood of Los Angeles. His parents, Bonnie and Donald Kalanick, made sure he and his brother, Cory, were never left wanting. He was naturally athletic and competitive, and excelled at running track and playing football.

At Patrick Henry Middle School, he was a wiry student who got good grades — putting him in the sights of some older kids who picked on him. Mr. Kalanick later vowed never to be bullied again and turned the tables on his tormentors.



A high school yearbook photo of Travis Kalanick. Granada Hills Charter High School

He also showed signs of entrepreneurialism. One summer, he sold knives door-to-door for the cutlery company Cutco. At 18, he started New Way Academy, his own SAT prep business, with a partner.

#### More About Uber

- **Bouncing Back:** After a pandemic-induced slump, the company reported in February a sharp rise in revenue from a year earlier.
- **New Partnership:** The company is teaming up with two companies in New York City to offer users the option of riding in a yellow taxi.
- **Legislative Efforts:** Uber and Lyft are seeking to shield their business model by backing bills that would classify drivers as contractors in exchange for a union.
- **Interview:** Jill Hazelbaker, a top executive, helped Uber weather sexual assault accusations. Here she talks about what it took.

The start-up life soon called to him. After attending the University of California, Los Angeles, to major in computer engineering, Mr. Kalanick dropped out in 1998 to form a start-up with several classmates. The company, Scour, became a peer-to-peer file exchange similar to Napster, which let people digitally share music and media files through legally dubious means.

Scour, which was eventually sued for \$250 billion for alleged copyright infringement, filed for bankruptcy in October 2000, a move that protected it from the suit. The failure did not stop Mr. Kalanick from helping to found another Los Angeles start-up, Red Swoosh, four months later. Red Swoosh made a technology to efficiently transfer large files of digital data; one of its investors was Mr. Cuban.

Sean Stanton, Red Swoosh's former vice president for sales, said of Mr. Kalanick: "Scour was about efficiency. Swoosh was about efficiency. It's just the way his brain is wired. It's like the way Uber works right now: What's the fastest, cheapest and most efficient way to get from point A to point B? That consumes him, and all parts of his life."

With Red Swoosh, Mr. Kalanick started exhibiting his hallmark aggressiveness. When the company struggled, Mr. Kalanick and a partner took the tax dollars from employee paychecks — which are supposed to be withheld and sent to the Internal Revenue Service — and reinvested the money into the start-up, even as friends and advisers warned him the action was potentially illegal.

With Mr. Kalanick desperate to keep Red Swoosh afloat, he moved back into his parents' house. He staved off bankruptcy for a second time by raising another round of funding. The wayward tax dollars eventually went to the I.R.S.

Mr. Kalanick also decamped to Thailand with his software team in April 2006 to save money by living cheaply abroad, while also using the trip as a team-building exercise.

He was interested not only in business during this time. In 2003 he picked up a registration form to run for governor of California and registered a website, [travis4gov.com](http://travis4gov.com), positioning himself as an independent candidate — though he never followed through with a campaign. In other personal pursuits, he once held the world's second-highest score for the Nintendo Wii Tennis video game.

In 2007, Mr. Kalanick sold Red Swoosh to Akamai, a cloud services company, for roughly \$19 million. The deal turned the executive, who had headed north to San Francisco, into a millionaire.

By then, some advisers had soured on him. “The Travis Kalanick I came to know 17 years ago was relentless in pursuit of his goals at the expense of those who supported him along the way, deluded by his own embellished personal narrative, and a serial prevaricator,” said Peter Yorke, a former Red Swoosh adviser and a longtime tech executive.

Others stuck by him. Michael Robertson, chief executive of MP3.com, an early digital music sharing service, said that he told Mr. Kalanick, “Sometimes in business you have to battle the establishment, and it can get brutal and ugly.”

In San Francisco, Mr. Kalanick and Angie You, his longtime girlfriend, bought a townhouse nestled in the upper hills of the city's Castro section. Though the couple have since split, the two remain close and still speak on a regular basis.

## Uber's Rise

The idea for Uber came in 2009 from Garrett Camp, a friend of Mr. Kalanick's, who became fixated on hailing a private luxury car with a smartphone app after being unable to catch cabs in San Francisco.

Mr. Camp talked about the idea incessantly, including at Mr. Kalanick's townhouse, nicknamed the “Jam Pad.” Entrepreneurs frequently stopped by to brainstorm there, and the house even had its own Twitter account, controlled by Mr. Kalanick.





When Mayor Bill de Blasio tried to cap the number of Uber cars in New York, the company campaigned hard against the measure. Hiroko Masuike/The New York Times

UberCab, as it was called at the time, started its service in San Francisco in May 2010. Mr. Camp and Mr. Kalanick picked that name to emphasize the convenience of calling a car on demand from an app. Mr. Kalanick wanted a break from full-time start-up life after running Red Swoosh, so he and Mr. Camp named Ryan Graves, who responded to a call for help on Twitter, as chief executive.

A few months later, Mr. Kalanick changed his mind and took over as UberCab's chief. He quickly positioned the start-up as an alternative to the taxi industry. At the time, taxi companies had iron grips in many towns. City-by-city regulations required procedures like base stations for cabs, safety measures and other stipulations.

Mr. Kalanick ignored those rules.

"We're in a political campaign," he once said at a technology conference, and the candidate is Uber. The opponent is named Taxi, he said, adding a rude descriptive. "Nobody likes him, he's not a nice character, but he's so woven into the political machinery and fabric that a lot of people owe him favors."

Mr. Kalanick carried that same level of intensity into Uber's headquarters, pacing briskly while working by doing laps around the office. His pacing is so legendary, his father once said, that he wore a hole in the carpeting.

Mr. Kalanick focused on expanding UberCab quickly. The company typically sent a small strike team into a new city — say, Seattle — to aggressively recruit new drivers through Craigslist and other online listings. Then the team marketed UberCab's app to increase ridership.

That drew attention from regulators. In October 2010, the company shortened its name to Uber after receiving a cease-and-desist letter from San Francisco officials for marketing itself as a taxi company without the proper licenses and permits.

To influence local legislators to accept Uber, Mr. Kalanick took extra steps. In 2014, Uber hired Ben Metcalfe, an engineer who described his job on LinkedIn as building “custom tools to support citizen engagement across legislative matters” to drive “social good and social change.”

In practice, Mr. Metcalfe and his team created an email-based system to aid Uber users and drivers to directly contact local legislators to lobby for allowing Uber in their cities. The system was similar to Change.org, a website that pushes social change through online petitions. City and state officials were soon deluged with emails supporting Uber.

Taxi drivers and others who supported Mr. de Blasio's efforts to halt Uber's expansion rallying outside City Hall in Manhattan in 2015. Hiroko Masuike/The New York Times

In some places, Uber employees were also told to create computer programs known as scripts that would automatically vote for the ride-hailing service in city-administered surveys.

Such tactics were effective. In 2015 when New York's mayor, Bill de Blasio, tried capping the number of Uber cars, Uber added a “de Blasio” tab in its app to show lengthy waiting times for rides if legislation against Uber was allowed to go forward. People could easily send a form email to the mayor and the City Council supporting Uber by pressing a button in the app.

Mr. de Blasio capitulated, and the cap did not take place.

## Taking Center Stage

As Uber gained momentum, Mr. Kalanick moved into the spotlight.

It did not come naturally. One friend recalled a night out with a group of married couples at the Gold Club, a San Francisco strip club, a few years ago. Mr. Kalanick, who was single, pulled out a laptop to work on a spreadsheet, crunching Uber's numbers while friends watched the dancers onstage.

Another friend called Mr. Kalanick a “tech world rock star,” which means something different in Silicon Valley than in the music world.

“To work with and around one requires a different kind of mentality and skill,” said Andy Abramson, an early adviser to Mr. Kalanick. Mr. Abramson likened the chief executive to other idiosyncratic founders like Jeff Bezos of Amazon.

Mr. Kalanick was eventually coaxed more into the limelight by others. Shervin Pishevar, an Uber investor, sometimes took Mr. Kalanick to clubs in Los Angeles on the weekend, providing a car and a change of “club clothes.” Mr. Pishevar, who did not respond to a request for comment, was the Uber chief’s entryway into Los Angeles’s world of celebrity.

Hollywood stars were eager to buy into Uber, which they had started using to get around. Actors like Edward Norton, Olivia Munn and Sophia Bush took small stakes in the company. Mr. Kalanick and a top lieutenant, Emil Michael, sometimes hung out with Leonardo DiCaprio, who is also an investor, and Jay Z, whose wife, Beyoncé, performed for Uber employees at a poolside party in Las Vegas in 2015.

Jay Z once wired money to Mr. Michael in an attempt to invest even more in Uber. Mr. Michael and Mr. Kalanick, giddy at rebuffing a celebrity, wired some of the money back, saying they already had too many interested investors. Representatives for Jay Z did not respond to requests for comment.

Mr. Kalanick also dreamed of luring celebrities into advisory roles at Uber. One aim was persuading Oprah Winfrey to join the board — something Uber executives believed could happen after Mr. Kalanick met Ms. Winfrey at a party on the Spanish island of Ibiza — but the idea never jelled. A spokeswoman for Ms. Winfrey declined to comment.

Mr. Kalanick began mixing with elite business executives. He developed a close relationship with Mr. Cohn, then a top-ranking executive at Goldman Sachs. At one point, the two men spoke on a near daily basis. Mr. Cohn and a White House spokeswoman did not return requests for comment.

## Leadership Principles

Inside Uber, Mr. Kalanick began codifying the pillars of the company’s culture. He particularly admired Amazon, the e-commerce company that espouses 14 leadership principles including “learn and be curious” and “insist on the highest standards.” So he created 14 values for Uber, with tenets such as being “super pumped” and “always be hustlin’.”

Uber employees in San Francisco. The company, which has set growth as its main goal, has suffered a series of setbacks in recent months. Ryan Young for The New York Times

Some employees admired Mr. Kalanick’s deep involvement in Uber. “TK was hands-on and in the product weeds,” said Chris Messina, who left Uber in January, using Mr. Kalanick’s nickname. “He cared deeply about the product and the people building it.”

Mr. Kalanick’s main mantra was “growth above all else.”



That meant Uber's top performers were often promoted and protected. When one general manager, a title for a city-level chief, threw a coffee mug at a subordinate in a fit of rage, the incident was reported to human resources — but there was no follow-up. At the time, Uber's business in the general manager's city was strong.

Other complaints also fell on deaf ears.

After a backlash over Uber's use of "surge pricing" (raising ride prices when demand is high) amid an East Coast snowstorm in 2013, Mr. Kalanick's response to upset riders was a torrent of economics and math.

"We did more trips because of our approach, not fewer," he said in an interview with Wired at the time. "We gave people more options to get around, and that is the whole frickin' goal."

Friends and employees told Mr. Kalanick that he should at least pretend to care about how it looked to take such a hostile stance with Uber's users. Several described him as "emotionally unintelligent."

Mr. Kalanick made other missteps. In 2014, he and his then-girlfriend, Gabi Holzwarth, went out in South Korea with Mr. Michael and other Uber employees to drink and sing karaoke. The establishment was an escort bar, where customers may pay for the company of women, and some members of the party picked out dates for the evening. The incident, reported by The Information, resulted in a human resources complaint from an employee who attended.

The same year, Mr. Kalanick discussed how Uber had boosted his desirability with women in an interview with GQ, calling the company "boob-er."

And just days after a former employee published a blog post in February detailing sexual harassment at Uber, Mr. Kalanick attended Vanity Fair's Academy Awards party in Hollywood, stunning some colleagues with his perceived insensitivity.

Mr. Kalanick at Vanity Fair's Oscars party in February. Danny Moloshok/Reuters

His desire for growth also knew few limits. Uber plunged into China in 2013, and Mr. Kalanick spent billions of dollars to outgun the local incumbent Didi Chuxing — only to have to retreat last year, partly because of heavy losses. Mr. Kalanick is now spending heavily in India to win there, even offering to become an Indian citizen if it will help Uber's prospects. The company has said that it lost \$2.8 billion in 2016, excluding China.

## For the Win

With Mr. Kalanick setting the tone at Uber, employees acted to ensure the ride-hailing service would win no matter what.

They spent much of their energy one-upping rivals like Lyft. Uber devoted teams to so-called competitive intelligence, purchasing data from an analytics service called Slice Intelligence. Using an email digest service it owns named Unroll.me, Slice collected its customers' emailed Lyft receipts from their inboxes and sold the anonymized data to Uber. Uber used the data as a proxy for the health of Lyft's business. (Lyft, too, operates a competitive intelligence team.)

Slice confirmed that it sells anonymized data (meaning that customers' names are not attached) based on ride receipts from Uber and Lyft, but declined to disclose who buys the information.

Uber also tried to win over Lyft's drivers. Uber's "driver satisfaction rating," an internal metric, has dropped since February 2016, and roughly a quarter of its drivers turn over on average every three months. According to an internal slide deck on driver income levels viewed by The New York Times, Uber considered Lyft and McDonald's its main competition for attracting new drivers.

To frustrate Lyft drivers, Uber dispatched some employees to order and cancel Lyft rides en masse. Others hailed Lyfts and spent the rides persuading drivers to switch to Uber full time.

After Mr. Kalanick heard that Lyft was working on a car-pooling feature, Uber created and started its own car-pooling option, UberPool, in 2014, two days before Lyft unveiled its project.

That year, Uber came close to buying Lyft. At a meeting at Mr. Kalanick's house, and over cartons of Chinese food, he and Mr. Michael hosted Lyft's president, John Zimmer, who asked for 15 percent of Uber in exchange for selling Lyft. Over the next hour, Mr. Kalanick and Mr. Michael repeatedly laughed at Mr. Zimmer's audacious request. No deal was reached. Lyft declined to comment.

The rivalry remains in force. In 2016, Uber held a summit meeting in Mexico City for some top managers, where it distributed a playbook on how to cut into Lyft's business and had sessions on how to damage its competitor.

To develop its own business, Uber sidestepped the authorities. Some employees started using a tool called Greyball to deceive officials trying to shut down Uber's service. The tool, developed to aid driver safety and to trick fraudsters, essentially showed a fake version of Uber's app to some people to disguise the locations of cars and drivers. It soon became a way for Uber drivers to evade capture by law enforcement in places where the service was deemed illegal.

After The Times reported on Greyball in March, Uber said it would prohibit employees from using the tool against law enforcement.

The idea of fooling Apple, the main distributor of Uber's app, began in 2014.

At the time, Uber was dealing with widespread account fraud in places like China, where tricksters bought stolen iPhones that were erased and resold. Some Uber drivers there would then create dozens of fake email addresses to sign up for new Uber rider accounts attached to each phone, and request rides from those phones, which they would then accept. Since Uber was handing out incentives to drivers to take more rides, the drivers could earn more money this way.

To halt the activity, Uber engineers assigned a persistent identity to iPhones with a small piece of code, a practice called "fingerprinting." Uber could then identify an iPhone and prevent itself from being fooled even after the device was erased of its contents.

There was one problem: Fingerprinting iPhones broke Apple's rules. Mr. Cook believed that wiping an iPhone should ensure that no trace of the owner's identity remained on the device.

So Mr. Kalanick told his engineers to "geofence" Apple's headquarters in Cupertino, Calif., a way to digitally identify people reviewing Uber's software in a specific location. Uber would then obfuscate its code for people within that geofenced area, essentially drawing a digital lasso around those it wanted to keep in the dark. Apple employees at its headquarters were unable to see Uber's fingerprinting.

The ruse did not last. Apple engineers outside of Cupertino caught on to Uber's methods, prompting Mr. Cook to call Mr. Kalanick to his office.

Mr. Kalanick was shaken by Mr. Cook's scolding, according to a person who saw him after the meeting.

But only momentarily. After all, Mr. Kalanick had faced off against Apple, and Uber had survived. He had lived to fight another day.