



Bad Blood Secrets and Lies in a Silicon Valley Startup

By John Carreyrou

At its peak in 2013/14, Theranos had a valuation of \$10 billion. The company had developed what was supposed to be a revolutionary new blood testing solution. At the helm was Elizabeth Holmes, who was listed by Forbes as one of America's Richest Self-Made Women in 2015, with a net worth of over \$4 billion. That same year, however, it all came crashing down when John Carreyrou of the Wall Street Journal revealed that the Theranos technology didn't work as claimed. He uncovered a web of lies and cover-ups, dating back to the earliest days at Theranos.

So how did Holmes persuade so many smart people that Theranos was such a groundbreaking and potentially profitable enterprise? And how did she maintain the fiction for so long?

Well, if the concept had worked as intended, it would have had a truly revolutionary impact on healthcare. The idea was to eliminate the use of painful syringes to draw large amounts of blood for tests, and replace the process with a tiny finger prick and miniscule blood draw. The technology would make it possible to conduct instant blood analysis at drugstores, in the home, the workplace, or even on the battlefield, enabling rapid diagnoses, adjustments of medications and more. And that's probably why so many investors and supporters failed to recognize the red flags along the way.

People were also blinded by Elizabeth Holmes. With big blue eyes, blond hair, and an unusually deep voice, she was attractive, persuasive and charismatic. She had an ability to gloss over any hiccups that didn't support her development plans. This, combined with her dismissive, often aggressive response to any challenges from her staff, helped to keep the lid on all the problems with the Theranos technology.

Eventually, information about the problems at Theranos started to leak out. Concerned employee Tyler Shultz sent key reports and emails to John Carreyrou, at the Wall Street Journal. Holmes tried hard to shut down the developing story, even threatening Shultz with legal annihilation, but Carreyrou had other sources that were also starting to share information about the problems at the company.

In the end, Holmes' efforts to suppress the story failed, and Carreyrou's exposé was published on October 15, 2015. After that, the dominoes began to fall. Today, as the lawsuits proceed, Theranos has been dissolved. The SEC's criminal investigation is ongoing. And for his investigation into Theranos, John Carreyrou has received multiple journalistic awards.