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2002 ▼ November ▼
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Investing in science fiction

According to the publicity material, *Prey* - the latest book by Michael Crichton, author of *Jurassic Park* - explores the emerging realms of nanotechnology and artificial distributed intelligence. It was a bestseller a month before its official publication. I tracked it on Amazon in early November: Crichton's unpublished book was number 19 on the Amazon hit parade. My book, *The Investor's Guide to Nanotechnology and Micromachines*, was languishing at around 15,348th place. Crichton got an advance worth millions of dollars. I got audited by the US Internal Revenue Service for claiming the computer I wrote my book on as a business deduction.

There is no question that nanotechnology excites millions of people as an alternative future. Similarly, dinosaurs have been fascinating millions of people for decades. I remember reading that when the film of *Jurassic Park* opened, box-office profits from the first weekend were equivalent to the total paleontological research funding for the last few decades. Now that the dinosaurs have died off (twice), paleontologists initially reported significant increases in their budgets, due to the impact of Hollywood. However, in these leaner economic times, funding levels have flattened or started to decline. Sadly, most paleontologists never ever get to produce a saleable product.

For the next few years, if Crichton's PR campaign holds, the terror of runaway nanobots will garner an increase in public attention. Certainly, the companies with "nano" in their name will be joined by other companies changing their name to nano-something. I would expect, if the craze holds, to find a new start-up named Xymos (the name of the nanoparticle-producing company in *Prey*) in much the same way the Bubba Gump Shrimp Company exploited an earlier popular theme from the film *Forrest Gump*.

Now what this means is that any fund manager worth his/her salt is going to add the word "nanotechnology" to his portfolio. This isn't to suggest that nanotechnology investment will increase. It suggests that interest in investing in nanotechnology will increase.

The situation will improve dramatically if Jerry Falwell (a religious minister in the US) demands immediate government bans on nanotechnology research. Negative publicity is almost as good as positive publicity.

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Science fiction has always been good for programmes that stand on the fine line between science and fiction. Nanotechnology has lofty visions for a future utopia, while the commercial side focuses on corrosion-resistant paint and spill-resistant blue jeans. What's more, science fiction tends to bring the most brilliant young minds to think about difficult problems, and sometimes those minds make career choices that foster a new generation of development and progress.

Earlier this year, a *Small Times* reviewer verbally chastised me for misrepresenting what nanotechnology is. I had made the horrible mistake of not believing that nanotechnology refers to technologies smaller than 100 nanometres. I had suggested that from an investor's point of view, as long as the technology was invisible without a microscope, it must be nanotechnology. Similarly the *Forbes Nanotech* report routinely chastises businesses for claiming to be nanotechnology companies when in actual fact, their technology is hundreds or even thousands of times too large to be real nanotechnology.

From an investor's point of view, though, it's not what's *real* that counts, it's what people *think is real*. As long as investors rely on the popular media to shape and develop opinions about nanotechnology, then the smart rule for a nanotechnology company is to follow the money. Ultimately, the physics of matter will determine what is possible or not as nanotechnology evolves. In the meantime, public opinion is a useful and valuable tool in shaping funding decisions for the future.

My hat goes off to Crichton and every copycat author who exploits the fringe of science to create science fiction. Their work will ultimately benefit all who strive to develop and commercialize what turns out to be a complex and difficult technology.

Every nascent nanotechnologist should remember, however, that every investment bubble eventually breaks. A recent survey of biotech start-up initial public offerings (IPOs) showed that the average stock price over the last two years had declined to 5-10% of the IPO price. This shows the fickle nature of market forces in funding new companies. On the other hand, most of these firms did receive the resources to develop core technologies and products that will ultimately lead them to some measure of success. With luck, nanotechnology will reap similar investment rewards. With even better luck, their post-IPO positions won't be so dismal in later years.

About the author

With more than 30 years of tech experience, Glenn Fishbine currently manages the information-technology operations of a global manufacturing company. In his spare time, he is chairman of the board of a high-tech firm and helps technology start-up companies to acquire financing.

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