

## Culture values change the world - etoy comes to Japan

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Teenager boys established a venture company in the hinterland of the Swiss Alps. The company soon drew attention from all around the world, but at the same time, CIA was hanging around the company. Few years later, one of the largest net companies in USA affected the company's honor, but through a global scale PR campaign, the company blew away such an attack and oppositely made the USA company suffer a loss of 500 billions yen. This is a real story. What is more is that the activities of this company is an art project dealing "culture values" in a true sense, which means that this company is one "artist" in a whole. This extremely delightful Internet venture "company", etoy Inc., sent its administration and employees to Japan at the invitation of InterCommunication Center (<http://www.ntticc.or.jp/>) in Shinjyuku, Tokyo, now holding the "Credit Game Exhibition", a-k-a. "Money Exhibition," in order to introduce the activities of etoy. In the beginning of the NEXT100 of this issue, I would like to convey the new potential values brought about by media culture through the interview of these beloved "gangsters" pioneering the media culture age.

### "Dot com companies" growing by "culture values"

There were large charts showing the transition of the stock prices and its history attached to the wall, copies of issued stock certificates which have strong visual impacts and a row of special ordered pachinko machines painted in fluorescent orange as well as the vending machine in a striking room that was also painted in fluorescent orange, the corporate color of etoy. This space was used for etoy to carry out presentations of the company. Visitors receive pachinko balls kept in a safe from the staff at the entrance first, and play pachinko for a while. "1/32,000,000 of etoy" is stamped on each ball in Japanese. The plan of the presentation in Japan was to have the visitors bet stocks specially prepared for them this time and become unit stockholders.

The visitors take the "stock balls" to a designated window to exchange them to stockholder cards with special codes allotted. Then the visitors insert the cards in a vending machine placed inside the room and receive stockholder kits according to the number of their stock certificates. Finally, the "stockholders" enroll the codes allotted to them in the etoy site (<http://www.etoy.com>) on the Internet in order to be formally enrolled as stockholders.

"This vending machine is remote-controlled 24 hours a day from Switzerland via the Internet," explains etoy.STAMBERGER by e-mail who is in charge of information technologies and also who is a "crew" member of the company (the employees call themselves using this word). The crew is consisted of more than 10 members who have their own jobs and work on an international stage while executing activities for etoy in various countries in Europe and USA. All of the crew never meets face to face at once for this reason, and daily business is progressed by using e-mails. This situation is very natural for them, and all of the responses from the crew are received in just 24 hours.

"Our company is always providing cultures and societies with new fans. We specially prepared pachinko machines this time with the hope that the Japanese people would understand etoy and its activities," says etoy.ZAI, the CEO of etoy and the person in charge of public relationships. The stock certificates of the company express the attitude of the crew of etoy being most impressively moments their missions, and they are considered to be the most attracting "artworks" by people related to art. The stock certificates can be obtained only by investing more than 900 etoy shares among the stockholder kits provided according to the number of stocks, is designed to reflect the image of the situation of etoy most strongly when it was

first issued. What is most eye-catching is the series of the stock certificates that were issued in the very beginning of the establishment, which has a design of a helicopter with the etoy logo mark landing on the summit of a mountain in the Alps, and the skin-headed crew wearing polarizing sunglasses and uniforms in colors of fluorescent orange and black. "The helicopter was an image that our company needed at that time. Helicopters provide an image of high-tech and also an impression of dynamic corporate activities. The summit of a mountain covered with snow was printed on the stock certificates in order to express an unreal space that doesn't exist in the world. As the basis of our activities was Zurich, Switzerland, the most unreal space for us was in the Alps, says etoy.ZAI who was a member from the very beginning of the establishment- "But we have a problem," says etoy.ZAI with a smile on his face- "This stock certificate won prizes as artwork in various places in Europe and USA, but although this has been nominated for prizes in our homeland since our establishment, we never had won prizes in Switzerland. The reason for this seems to be because there is an impression of helicopter. Whenever we are nominated, there are assumed we may request to show with a helicopter at the ceremony or fly a helicopter as a performance in order to receive a prize.

## **We grew in the tough times when we were standing in the global front line**

The establishment of etoy goes back to 1992. etoy.ZAI, who was a teenager before entering college and an media artist in the making at that time, started a company of providing contents through pay telephones with his friends in order to replace art to economic values. With the bases of experiences accumulated through test marketing in this system, the group consisted of members with various abilities found congenial spirits in each other during the period, and after endless "secret meetings" in the hinterland of Swiss Alps, they decided to establish etoy in 1994 as a global company. In those days, browsers, which we use in everyday life, have formed, and the Internet was becoming a medium that could structure dramas on a global scale. And one of the adventurous spirits turned into the group called etoy.

They told themselves as "etoy: the popstar is the programmer is the architect is the designer is the manager is the system is etoy"

They are already known as gangsters in art and creative world in Switzerland, and their idea to do something on the Internet was considered to be a perfect piece of news, which led them to appear on TV several times. Every time they appeared on TV, they were asked from the TV stations what they needed, and they answered a helicopter was necessary. This was the very beginning of the helicopter episodes. It was around this time when etoy brought about a matter that made them famous immediately in the digital world. In 1996, there was a broadcast accident in the opening of the most popular TV program in Switzerland. Skin-headed youngsters broke into the program wearing polarizing sunglasses and fluorescent orange uniforms.

While the audiences watching TV were in great confusion, something more "dramatic" was happening in the cyber space. 3,500 main key words in the main search engines on the Internet were "hijacked", or forced to link to the etoy project site (<http://www.hijack.org/>), by a program robot made at etoy, which resulted numerous net travelers to "get lost". At the same time, they held club events titled "Digital Hijack", released vinyl records, messed up the real societies of mainly Switzerland and Austria and won the grand prize at Ars Electronica. They drew attention all around the world to be artists in the age of the Internet. However, their nasty activities represented by using the title "Digital Hijack" became a double-edged sword to them when they started to be considered as international heretics in the art world. Moreover, it is said that CIA kept its eye on them as dangerous cyber terrorists.

"I thought that really bad guys appeared in the world," says etoy.MONOROM, who now leads the etoy venture capital group, recalling the days before she entered etoy. The thoughts that she held those days when she was in the design business of the fashion world were exactly the same as those the public generally held.

The next strategy etoy took when they were driven into a corner was opening etoy to the public, or in other words, offering shares for public subscription. "etoy creates culture values and it contributes to raise them. "We started to search people who would become one of our members through investment and support culture values," explains etoy.GRAMAZIO, the president of the company, what the members had in mind at that time. According to etoy.GRAMAZIO, the company changed into an opened company practicing business under the support of stockholders. And this public offering of stocks turned out to be an "affair". The first stockholder was Mr- Viktor KLIMA, the chancellor of Austria those days, and the conferment ceremony was held in his room in the Department. This happened in January 1998. The "business model" of etoy aims to raise the culture values through etoy's branding.

Making stories and carrying them out for this aim, and the affairs that happen in the process are all reflected on culture values. And a new hit product material for the company was to surprise the world this winter.

While the product material that catches the eyes of people as an odd existence in Shinagawa wharf in Tokyo, it seemed to float somehow confused. Among the containers that all had the same colors and patterns on, there was just one painted in fluorescent orange with a black logo mark of etoy. "Something like this never happened before. We can't land it because the customs won't let it get through," says etoy.GRAMAZIO disappointedly. What was supposed to be introduced to Japan was "etoy. TANK, a container-type office lodge that can be taken all around the world. There is an office that can immediately be used if it is connected to a power source and data circuits, a reception room and accommodations for the members and stockholders arranged compactly in the container, and also space for helicopters to land on the roof. It is possible to structure the headquarters functions anywhere in this world just with this "tank". "This tank is a facility that proves that the real world is already something close to the Internet," says etoy.GRAMAZIO who is also an architect. "Just the same as we can send and receive data at a low price and freely, we can go anywhere in the world with this heavy-class "tank" only for US\$2,000. Although it took US\$3,000 to go from Switzerland to Japan this time, this means that actual corporate activities are becoming to have the same characteristics as the Internet. One thing that is different between these two is that we can send and receive data instantly, but it takes a little time to move this tank because it must be carried by a ship," says etoy.GRAMAZIO. There is one more effect that etoy.TANK has. "Large amounts of containers are usually owned by transportation companies, but etoy.TANK is owned by etoy and therefore, it has a strong visual power as a unique existence. It is of course impressive to see etoy.TANK at a wharf, but just imagine etoy.TANK being placed at a corner of a street in a large city where there is a venue for some art project. Everyone passing it must become interested in it. After all, a container with a design that nobody has ever seen and with huge pipes connected to it should be placed to surprise people. Anyone would wonder what it's going to do. An efficient marketing tool is added to us to have people recognize our company,' says etoy.ZAI.

## **"TOY WAR" - The battle with a dot com giant for etoy surviving**

Meeting the peak of IT bubbles and the venture company boom, the net "company," etoy, which offered shares for public subscription for the first time in the history of art, increased its "value" just by being engaged in penetrating its brand along with other start-up companies. The happy time seemed to last almost forever. But the company had to face a "collapse" all of a sudden. On December 10, 1999, the etoy site (<http://www.etoy.com/>), which had kept on displaying culture values to the world, suddenly had to stop its services. The institution that managed the dot com domain one-sidedly notified that they would stop their services for etoy. The reason was because etoy.com was similar to another company's domain name, and the company charged that the similarity would not only prevent its activities, but would have bad influences on the public. The court ruled that the use of the domain name of etoy.com must be stopped. And what was worse, this company was an American dot com company named eToys Inc. (<http://www.etoys.com/>) that started to stand above by online sales of toys, and grew rapidly. The establishment of this company was later than etoy (1996), but the court admitted the importance of the company in the American economy and the good-natured characteristics of toys.

Furthermore, because eToys charged at an American court, and because the institution managing the domain name was also an American company, the court gave priority to the toy company in its country. As a result, the "hijack" group that was based on Switzerland, etoy, which was judged not to have good influences on children, found itself in an awkward position of losing its domain.

But the difficulties of etoy, which already kept on providing sensations concerning culture on the Internet, became the greatest topic since its establishment. People started to talk about the fact that the American government's intervention in the trial giving priority to an American company over a universal domain that originally doesn't belong to any country even in the autonomic Internet, and the fact that a type of "false charge" of a gigantic dot com company was accepted while a small but unique company such as etoy would be crushed. They immediately talked about and considered the affair as a danger against the culture on the Internet.

"After the public offering of stocks, whenever we decided to start a new project, we raised investors, and made a model executing business by using the money the investors paid for purchasing stocks. But when we were in this critical situation, something that we couldn't believe happened. Although the company was in a critical situation even to survive, so many investors, which happened to be individual investors, purchased our stocks," tells etoy.ZAI. People who believed the possibilities of the culture on the Internet and media such as the magazine "WIRED" largely expected to solve this issue in etoy's way and etoy declared TOYWAR (<http://www.TOYWAR.com/>). etoy started a campaign for recovering the position of etoy on the Internet while resisting in the trials.

"Some of the original members since the establishment left the company in this difficult situation, and it was really a tough time. We never were conscious ever before that etoy was such a global existence, and all of the members left started to think that we couldn't be "bad guys" anymore and that etoy itself had to change," says etoy.ZAI. "One day there was a club party where alter egos gathered in a virtual space on the Internet. And it was so exciting. So, I tried to know who was organizing this party and found out that it was etoy. At that time, I thought of them only to be young gangsters in the net, but I gradually became interested in them. Then, I thought that I had much to do for them, and I checked the whole design works of them from the web site to their actual uniforms. And next, I found myself working in etoy," says etoy.MONOROM.

"And then one day, a Fashion Police (MONOROM) came to us and we were checked not to be kids anymore. This also was a good chance for us to change," says etoy.ZAI. The members of etoy changed their business style from uniforms to suits, and actively attacked the gigantic company on the stage of culture in the Internet. They also recruited volunteers in order to tackle the crises of the Internet society and carried out sensational TOYWAR campaigns. At the same time, successes of the net world mainly in USA who understand the key players and companies of the cyber culture became supporters, and the company executed tactics that were equal to the gigantic eToys, and finally made eToys give up in January 2000. And that was the very timing that dot com bubbles burst.

Maybe because of etoy, the stock price of eToys in NASDAQ soon fell down sharply, and the company went bankrupt due to capital shortage in March 2001. The final result of TOYWAR is proudly announced in the etoy site in their twisted expressions. "result: within 2 months the eToys Inc- stock (NASDAQ: ETYS) dropped from \$67 (the day the battle started) to \$15 (the day eToys Inc. finally dropped the case). TOYWAR was the most expensive performance in art history: \$4.5 billion dollars".

### **A new drama starts from an "independent" country of the world's smallest size managed by a venture company.**

In the situation of dot com crushes on a global scale, etoy achieved a structural reform. They are now making new dramas again, and they are willing to be involved in them.

"We fully realized that we need a corporation organization appropriate for etoy through this case. Because we have investors in a wide range of variety, we must avoid the image for them of investing to 'a Swiss dubious company'," says etoy.ZAI. From this thought, etoy.ZAI practiced a drastic reform, and established etoy holdings Inc., which is a holding company in Cayman Islands in the Caribbean Sea where various multinational companies place their offshore corporations. The organizational structure was changed to have a subsidiary, etoy, which is the main company, and etoy venture capital group Inc. that supports etoy's management. In addition to these, they are thinking to start a new symbolic business body. There is an artificial island that exists in the high seas of Europe, the North Sea and the open sea near Great Britain, which was constructed to battle with Germany in World War II. After the war, a certain family moved to this island, which was an island belonging to no country and left and forgotten, and declared the independence of this "state" in 1967. The peculiarity of this island, which Great Britain, the country concerned of its interests, passes over, drew the attention around the world, and a venture company obtained the management right of this "state". The name of this company is "HavenCo" (<http://www.havenco.com/>). This company was established in the west coast of USA by the key players of the cipher punk movement aiming at structuring ciphers on the computer network that won't be violated by the authorities.

As the company's name expresses that no one could violate it, they obtained Sealand in the middle of Europe which is an ultimate secured space in the global network society aiming to structure a data-haven on the Earth. They are starting to structure a data center connected to high velocity Internet circuits. Along this, they are making a plan to establish the Cyber Law in Sealand under the management right, which means that the only one state in this world securing high-level user security is becoming to be formed.

Listening to the advice of Mr- Johichi Itoh, an important investor for both etoy and havnco, the two companies entered into a partnership and are preparing opening a data center for the stockholders of etoy. "Our company truly recognized the necessity of some room protecting the etoy brand in cyber space after experiencing great difficulties of depriving us of our domain unfairly by the ruling of the state. Seeland was exactly the place providing us the best security and protecting us with the law of protecting privacy.

And by sharing the experience of TOYWAR with our stockholders, we newly started services to provide the best security as etoy," explains etoy.ZAI the intention of advancing to Seeland. "In addition, it is a very interesting challenge to buy and operate the management right of a state in order to promote corporate activities. It was a necessity for both HavenCo and etoy, which was continuously challenging to raise culture values in the digital age on a global scale, to link up with each other." says etoy.ZAI. When he was asked whether he had visions to move the headquarters pursuing higher security, etoy.ZAI answered, "As a matter of fact, there is no commercial law in Seeland, and we can't register our company. Furthermore, I can't even imagine moving our headquarters because we would soon be bored to live on an isolated island far from cool urban life that has space only to carry one helicopter."

Though etoy underwent tough experiences, they seem to have incongruity felt through their activities in Japan comparing with their experience in Europe and America." etoy.TANK is prevented from landing by the customs, and we are not able to bring anything from the tank," says etoy.GRAMAZIO sadly. "The customs is trying to check all of the details, inspecting the use of all of the equipment clearly and valuing each and every equipment clearly and accurately. Until these are all finished, we aren't allowed to land the tank. We never experienced such an endless process in any area in Europe and USA. Although we prepared an invoice, the customs asked us in the very beginning what a tank was". Also according to etoy.GRAMAZIO. they were able to take out some equipment from the tank, but they were not sure when they could land the whole tank. "Even if we land it, there is no space to place it in Tokyo. Though everyone would be interested in seeing such a tank if we place it in amusement areas or by highly fashionable buildings, there is no area that would accept it in Tokyo. Additionally, people talk about the attacks in New York on September 11. and they say that they can't place such a strange tank near them," says etoy.GRAMAZIO another time sadly.

It was also their first experience to hear voices from the visitors saying they were very interested in the word "culture values," but they wanted more understandable explanations. The Japanese people seem to be more conscious of "understanding", or "studying" the fan of culture values rather than making their heads flexible by enjoying the fan of such values.

What is etoy planning to do from now on? "As our company changes by touching off the movements in the real world, it is impossible to say what we are planning to do in the future. Even though there may be a plan, it is a secret because our business is to create surprising stories with the cooperation of our fans," says etoy. ZAI discreetly selecting his words.

The activities of etoy show us visually the changes of media on a global scale as a type of culture through surprises and fans. They brought culture to the dot com world, which is speedy and extremely hot now. Aiming to the future and to hit upon innovative ideas, they keep on providing the world with positive and intellectual entertainment, though they may have warped personalities. And they are certainly influencing on the dot com world. Even they don't know when an "affair" may occur that will change the dot com world entirely. Although, it seems to be certain that such an "affair" will never occur while they are staying in Tokyo for a relatively long time.

(Exhibition "Credit Game") Slowing at NTT InterCommunication Center (ICC) until December 24, 2001-  
<http://www.ntticc.or.jp/>

Venue: NTT InterCommunication Center (ICC)

Tokyo Opera City Tower 4F, 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1404 Japan Direction: 2 minutes walk from Hatsudai Station East Exit on the Keio New Line

(Pachinko) A gambling game founded in Japan around 50 years ago- Pachinko using small metal balls which aim to hit Jackpot look like Pinball- Becoming bookmakers allowed Only governmental (nations or local governments) legally in Japan but Pachinko halls are managed by private companies since Japanese police has defined pachinko as a game entertainment but around 20 Trillions Japanese Yen money moving annually on pachinko (industries).

(Offshore company) A company which (s) managing owner's Capital with safe, low tax, transfer easy, and anonymously- The company is located in 'Tax Haven' countries that give benefits for their main purposes. The Owners are mainly multinational companies and financial specialties, and millionaires since they need freedom of financing-

Translation : NAKAYAMA Eugene