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HOW RUSSIAN TYCOON YURI MILNER BOUGHT HIS WAY INTO SILICON VALLEY

In less than two years, Yuri Milner's fund has gone from zero equity to more than $12 billion in assets. Photo: Greg Girard

This is my first trip to Moscow, and Yuri Milner, the world's most successful investor in social media, is taking me to his parents' apartment, which he bills as a typical middle-class Moscow dwelling. It's drab Soviet brick outside. The none-too-reliable-looking elevator is encircled by a crumbling staircase. But inside, the apartment is genteel and highly recognizable to me. It's like many you would find on the Upper West Side of Manhattan, a cramped and comfortable set of rooms without a recent paint job, filled with too many tchotchkes and way too many books. Milner's father, Boris, is an 81-year-old former professor—a specialist, during the Soviet era, in American management practices no less—who has written or edited more than 50 books and is eager to show me all of them. Do I know, surely I do, Professor So-and-So at Ohio State or Professor So-and-So at Georgia Tech? His less garrulous mother, Betti, who lays out a table of tea and copious sweets, is a physician who practiced at the Moscow Department for Disease Prevention for almost 40 years.

The message seems clear: Milner may have invested in virtually every social media powerhouse, from Facebook to Twitter to Spotify. He might be the vanguard of an entirely new financial philosophy. He might be the most controversial money guy in Silicon Valley—sought after, feared, and derided in more or less equal measure. But at heart he is just a nice Jewish boy.

Which might help explain—and Milner very much wants to explain himself—how it is that he has gone from investing in a macaroni factory in Moscow to upending the American technology business. I believe, too, he is trying to say his success story ought to be just as appealing as any in the Valley.

It certainly hasn't played that way in the tight-knit club of Valley venture capitalists. In fact, the more successful Milner has gotten, and the faster he has compounded his success—beginning with his night-raid investment in Facebook in 2009 and now encompassing major positions in Zynga, Groupon, Twitter, and Spotify—the more suspect and outré he has come to seem. He's definitely not your conspicuous non-consumption Valley billionaire.

Kara Swisher, who, with Walt Mossberg, runs *The Wall Street Journal*'s D Conference, one of the prestige events in the technology business, told me with arch inflection how Milner—a Vladimir Putin look-alike with a dark undershirt always peeking out of his collar—had shown up at the conference with a blonde model towering over him. (Swisher was only slightly sheepish when she found out this was his wife.)

What's more, a whisper campaign has dogged his American adventure. Indeed, among the early backers of his investment fund, Digital Sky Technologies, was Alisher Usmanov—one of the richest men in Russia, who even other Russian oligarchs find, to say the least, a little dodgy. (Usmanov's résumé includes alleged Kremlin associations and an overturned conviction for fraud and extortion. He also has a near-$18 billion fortune in mining, steel, and telecom, as well as the obligatory ownership stake in a British football team.)

Oh, and his house—that has not helped, either. Milner, who runs his business from a no-frills office suite in Moscow, is spending more and more time in the Valley and so has bought a place in Los Altos Hills—not just the Valley's most expensive house but, at a reported $100 million, among the most expensive in America. (Milner is embarrassed about this and seems aware that he may have misjudged how this purchase would be seen. Anyway, he has heard that there is another US property sale that will soon trump his.)

To many, Milner's success is not just too much and too fast in a land of too much and too fast but ... but ... and here people start to petulantly phumpher ... somehow *unfair*: Here's an outsider who has handed out money at outrageously founder-friendly terms —paying huge amounts for relatively small stakes, essentially buying exclusive access to the most desirable companies on the web! It is his outsiderness that seems most irritating and even alarming. How is it that an outsider has spotted opportunities that the Valley's best investors missed? Does Milner's success suggest that the rest of the world is starting to horn in on what has been, to date, as American as apple pie—the Internet future and Internet riches?

That's why I'm here—in Russia and in his parents' apartment—to try to figure out just what his advantage is. If he is a game changer, how exactly does the game change? I'm curious, too, about what he's after personally: He seems to want respect from the Silicon Valley folk—but why would he? Why does he care what they think? Milner's rise as a power-brokering investor happened so fast—his fund went from zero equity to more than $12 billion in US assets in less than two years—that his story has not had time to come out.

Russia may well be the most captivating place on earth for businesspeople, because it is purely about cause and effect. All of the power dynamics are on the surface—here's who has the money, here's who has the influence, here's who controls the resources—so all you need is the gumption and savvy to take advantage of them.

After the collapse of the Soviet Union, a class of robber barons—the oligarchs—rose to control much of Russia's vast resources. In a disorganized and corrupt process of privatization, they came to very cheaply control vast reserves of Russia's export wealth; oil, minerals, lumber, and wheat passed from government to private hands.

A not inconsiderable point: A disproportionate number of the oligarchs are Jewish. The Jews in Soviet Russia, often kept from taking official career paths, came to thrive in the gray and black markets. Hence,

STAKING OUT SOCIAL MEDIA

In just over two years, Yuri Milner's investment firm, Digital Sky Technologies, has taken big positions in some of the Internet's most important and promising young companies.

they were among the only capitalists in Russia when capitalism emerged.

Milner, a half-generation younger than the first rank of oligarchs, is himself selling gray-market computers when the end of the Soviet Union arrives. He buys old DOS machines, imported or smuggled from the US, and delivers them at appointed street corners.

His father, displaying another side of Jewish business tradition and acumen—the cautious side—isn't pleased. Milner is slacking off his studies as a physics graduate student and doing things that could get him into trouble with the authorities. His father's solution is both predictable and a wild leap into uncharted waters: His son should get an American MBA. In 1990, Milner enrolls in the University of Pennsylvania's Wharton School, where a close friend of his father's is a professor.

This leap for Milner is radical in all the obvious, transformational, emotionally topsy-turvy ways that might be imagined (he is, at Wharton, a great oddity), but it is also a leap into one of the most dramatic and picaresque moments of American capitalism. It is the age of the takeover artist—Michael Milken, Carl Icahn, Ronald Perelman, Henry Kravis—and Milner falls in love with them all: "These are very romantic figures for me—and they are very American."

Meanwhile, his own country is imploding and turning into, for some, a highly profitable free-for-all. Watching from afar in Philadelphia and filled with great envy, Milner, after Wharton and a three-year stint at the World Bank, comes back to Moscow.

He goes to work for the now imprisoned Putin enemy and founder of Yukos, then Russia's largest oil company, Mikhail Khodorkovsky, who in the mid-'90s

May 2009

FACEBOOK
$200 million

December 2009

ZYNGA
$180 million investment round

(with Andreessen Horowitz and Tiger Global Management)

April 2010

GROUPON
$135 million investment round

(with Battery Ventures and Rugger Ventures)

January 2011

was in the process of devouring, some would say by extraordinary means, great parts of the Russian economy. Milner proposes to Khodorkovsky that they try a legal takeover—American style, and the first ever in Russia—of a candy company. The takeover fails (Milner writes a book about the experience, pleasing his father), and he goes out on his own. In 1998, he assembles a group of investors and buys a macaroni factory. Russia has just defaulted on its debt, and Milner figures that's the end of the days of imported macaroni.

But macaroni is hardly the point.

Nobody in the digital world knows that the man in the Russian macaroni factory exists, but his nose is pressed to the glass. Sitting up late at night in the factory, as his cash flow mounts, Milner is focused on the US. It is the apogee of the dotcom moment, 1999, and Milner fastens onto an American business theory—and it consumes him.

The theory holds that the Internet is an advertising medium where users themselves create the vast amount of content. In other words, as Milner understands it, the same ocean of advertising revenues that have gone to traditional media might now go to the Internet, but without the offsetting costs of having to actually create content. Voilá.

"From margin standpoint," Milner notes, "this is very magical."

But then the bubble bursts. Mail.ru, then the biggest Internet company in Russia, valued at its height at $100 million, crashes too.

Milner, with his macaroni cash flow, buys it on the cheap.

FACEBOOK
$125 million

June 2011

SPOTIFY
$100 million investment round

(with Kleiner Perkins and Accel Partners)

July 2011

AIRNB
$112 million investment round

(with Andreessen Horowitz and General Catalyst Partners)

July 2011

TWITTER
$400 million

The gray-market Soviet hustler turned would-be Russian oligarch is now a dotcom entrepreneur.

I first meet Milner in 2009, over coffee at the Four Seasons on East 57th Street in New York, a few months after he has made a surprise investment of $200 million for a 2 percent equity stake in Facebook.

Milner is the new boy in town. He obviously knows few people, does not travel in elite technology circles, and fails most of my name-dropping tests—he doesn't even pretend to know who he should know. Correction: Through Mail.ru, he does know the Goldman Sachs money guys in Russia. Indeed, Milner seems to have been almost personally inspired by the Goldman-propounded view of the BRIC countries—that capital accumulation and high growth rates in Brazil, Russia, India, and China could alter the economic balance of power in the world.

The very decision to invest in Facebook is partly the result of a gossipy Moscow dinner with the Russian Goldman guys, during which—in between pitching their investment-banking services—the bankers mention that Facebook might be looking to do a major investment round. This is just months after Lehman Brothers collapsed, with the world economy plunged into crisis. MySpace, the leader in social media, is sinking fast. Nevertheless, Milner is stirred.

What's more, he has money in the bank. Or he can quickly get it. Milner has created a separate fund to invest in international—and especially American—Internet companies, with Usmanov taking the biggest stake. The oligarch has the money and an interest in Internet properties, including, along with Mail.ru, an investment in the news sites Livejournal.com in the US and Gazeta.ru in Russia. The fund is called Digital Sky Technologies, and Facebook is its first target.

Milner's new house in Los Altos Hills cost a reported $100 million—making it one of the most expensive homes in the US.
Photo: 2011 Google-Imagery; 2011 Geoeye, U.S. Geological Survey.

But even at this dire international financial moment, a call from an unknown Russian, however flush he might be, to then Facebook CFO Gideon Yu seems quixotic. Yu politely expresses his lack of interest in Milner's offer. But Milner gets on a plane, flies to California, and calls Yu from San Francisco. Yu, begrudgingly impressed, agrees to a meeting. Milner proposes a game-changing deal.

Pre-IPO investments in even high-flying tech companies that are not yet profitable usually conform to a specific pattern: A prestigious VC firm gets certain preferences when it invests (i.e., it gets its money out first should the company go public) and gets seats on the board (which means it gets a direct voice in the future of the company—almost always one that advocates an IPO as soon as possible). Milner offers something radically or foolishly different: an investment with no such preferences and no board seats. In effect, his money is like IPO money—no advantages for regular shareholders—without the burden of an IPO (the time suck of a road show, the administrative costs of being public, the short-term earnings pressure of the market).

The proposal represents, too, a philosophically new and audacious view: Once a company reaches a certain size—a billion-dollar valuation by Milner's reckoning—its investment profile changes. It holds enough market share and has established enough brand identity that it represents significantly less risk than VCs have traditionally considered startups to have.

But that's not how the rest of the world interprets it. Instead it's seen as a desperate and rather vulgar deal on the one hand—Milner buying a small stake in Facebook, valuing the entire company at $10 billion—and, on the other, Facebook debasing itself by taking Russian money. Russian money! In fact, it seems rather like a desperate deal for both parties (in the midst of the banking crisis, Facebook has only two other bidders for this round—and none from the top VC tier).

Sitting in the Four Seasons, I don't come out and say, "Facebook has taken Russian money, so what does that tell you about the state of the industry and the state of social media? It tells you that social media is probably not such a great investment." But it's certainly what I'm thinking.

I pepper Milner with questions about more conventional issues: the burden of privacy concerns weighing on Facebook, the callowness of Mark Zuckerberg, the shadow of MySpace.

The Russian is not just monosyllabic but, I detect, bored. Or brooding. I am not understanding—and I am not alone in not understanding—the big picture. I am not getting that, in a matter of months, it will be clear that social media is transforming the fundamental behavior of the Internet. And I am not getting the big picture of Yuri Milner, that he has, yet unbeknownst to anyone, altered the power equilibrium of technology money.

"I have invested in four social networks. More than any other," Milner explains.

"But that's in Russia and Poland ... " In other words, in a market that can hardly be compared to the US.

"Same. Social is a better way to interact with digital world. It is better than search. Implications for ... everything. Total change."

And something else that I am not getting, because nobody knows it yet. Although Milner seems to have made a chump's deal without all the protections that early-stage money is usually entitled to, for a period of time he has gotten one thing: a right of first refusal on any other Facebook stock that changes hands.

The dumb money has just bought itself potentially unlimited access to arguably the most important company to hit the Internet in a decade. One of the fastest accelerations in digital history has just begun.

More than a year later, I run into Milner in the lobby of the Ritz-Carlton in San Francisco (he hasn't yet bought his house). Since we last met, he has raised his stake in Facebook to almost 9 percent (2.4 percent held by the Mail.ru Group, the rest by Milner's investment company, DST), and he has made the obvious leap into Zynga and Groupon. If he is not yet loved by the Valley, he seems now to have come to know almost everyone there. In fact, he has become something of a ubiquitous figure, speaking at every technology conference.

"How are you?" I ask, wondering if I should suggest coffee—but Milner is often so terse that this seems a frightening thought.

"Good."

"What brings you here?"

"Oh ..." fading off.

His phone rings. Conversation ends. I read the answer to my question in the paper a day or so later. Google has reportedly made a $3 billion bid for Twitter, which was countered by a bid for a stake in the company from Kleiner Perkins that valued the business at $3.7 billion, which in turn was countered by a bid from Milner that valued the company at $4.2 billion. Twitter takes the Kleiner money at nearer the Milner valuation—until eight months later, when it takes the Milner money, too, although this time at an amount that values the company at $8.4 billion.

It's the new reality of social media: Wherever something is happening you now find Zelig-like Milner. He will keep buying. Money for him is no object.

As this is all unfolding, just before Thanksgiving, Milner in his blue sweat suit is having coffee with Mark Zuckerberg at a Palo Alto Starbucks. The two have developed an easy relationship. Zuckerberg says he's thinking about raising another billion or two. And fast. He doesn't want the distraction; if he's going to do it, he wants to do it in 60 days. Milner says that even for him, a couple of billion in 60 days is a lot, but he'll deal.

Milner, not only the largest outside investor in one of the world's most sought-after companies but, thanks to his relationship with Zuckerberg, one of its gatekeepers, cuts Goldman into the deal. This is a substantial reversal of Goldman's usual position, in which it decides who gets to invest while mostly closing everyone else out. Goldman agrees to put in $375 million of its own capital against Milner's $125 million and raise the rest from its standing clients. It also splits its 4 percent fee on the total money raised with Milner and, as well, splits the 5 percent fee on whatever investors gain beyond their initial investment. It is, for vaunted Goldman, an almost unheard of arrangement. And possibly for that reason—internal squabbling at the firm—the deal leaks. Last January, on the day before the offer is to be made, *The New York Times*' Andrew Ross Sorkin calls Goldman and says he's got the story, causing great gnashing of teeth. The firm believes that if the offer is issued after a story in the *Times,* it might be in violation of SEC rules about marketing securities—hence, in a panic, Goldman issues the offer via email before the *Times* story breaks. Two things happen: Goldman's clients clamor to invest, and the offer is immediately oversubscribed by a factor of 13, giving a dramatic preview of Facebook's IPO strength. Within days, Goldman's lawyers, suddenly nervous, nix it. At any rate, they nix it for Americans—but not for Goldman's foreign clients, who, including Milner's stake, complete a $1.5 billion round that values the company at $50 billion.

Milner's new house in Los Altos Hills cost a reported $100 million—making it one of the most expensive homes in the US.
Photo: 2011 Google-Imagery; 2011 Geoeye, U.S. Geological Survey.

Milner and I are once again eating breakfast at the Four Seasons in New York. It is one year since we first met at this hotel, which he uses as one of his floating offices while in the city. Now, I'm asking if he'll cooperate on a profile for wired. He equivocates about that topic but is much more forthcoming as he discusses his own rising position in the social media revolution. It is clear that his horizons are continuing to expand—from investor to worldwide intellectual force. "I must analyze," Milner says as he considers my request, "from what I do now, what will be the impact two or three or five years in the future. What is the statement I want to make? It is an opportunity to take a position on global scale."

Indeed, a month later, Milner calls to tell me that he is one of six technology figures who have been chosen to brief the leaders of the G8 nations at this year's summit in Deauville, France. It is a remarkable example of his rising profile and the amount of power he has come to wield. The G8 Internet colloquiums will include a series of high-profile speakers from among the digital elite: from the US, Zuckerberg and Google's Eric Schmidt; from Japan, Hiroshi Mikitani, CEO of online retailer Rakuten; from France, Maurice Levy, head of ad agency Publicis Groupe, and Stéphane Richard, CEO of France Telecom. And then Milner.

Why Milner? Partly because he has so ably insinuated himself into extraordinary networks, but also because he is the only one here who has roots in an upstart economy. That gives him unique perspective. Russian president Dmitry Medvedev, in an effort to jump-start online entrepreneurialism (and distinguish himself from his predecessor, Putin), has become as anti-regulation and laissez-faire as anyone in the West. Next to his government, France, Germany, and even the US represent the hoariest conventional views. Milner is presumably here to represent non-American entrepreneurialism at its most ambitious and successful.

Milner speaks last. By the time he takes the stage, the five other digital representatives have all discussed policy and outlined the likely growth of their various businesses. Italian prime minister Silvio Berlusconi is asleep, and the other G8 leaders—David Cameron, Barack Obama, Medvedev—are distracted by their iPads. Milner gives a smart and clarifying speech about social technology. He sees networks like those created by Twitter and Facebook as steps in the development of a global brain. The entire social landscape adds up to a new collaborative consciousness that transforms the nature of information and, as well, the existing monopolies of it.

Milner may be a kind of prototype for his idea of a global brain—certainly he has achieved some sort of "global being" status. Traveling alone, or often with his wife and daughters (ages 6 and 4) and his mother-in-law, and keeping his Moscow office staffed 24/7, he seldom spends a consecutive week on one continent. Quite frequently he will do every continent, save Antarctica, in a week.

This is part of the discordant behavior that makes him an anomaly, if not a sore thumb, in his new Los Altos Hills neighborhood. Silicon Valley, despite being at the center of the digital world, is a hopelessly insular and actually rather hermetic place. Even its famous immigrant culture emphasizes joining the SV way. For all its talk of innovation, it resists almost anyone who is not part of its mainstream. Before Milner, it was even difficult to buy your way in—money in the Valley, the best money, the money that gets the best deals, always has a certain pedigree. Even New York money, not to mention money from God knows where, is regarded as lesser and suspect.

But Milner's upstart and almost otherworldly status, while not necessarily helping him make friends with his new neighbors, has given him a new and, in many ways, disquieting advantage in the circumscribed digital world. He may be among only a handful of people who operate in multiple markets at the same time, without local infrastructure. This makes him a kind of free-floating state—a connector, a go-between, the ultimate independent player.

It is not just his access to global capital or his facility in markets where being an American is not necessarily an advantage (in the past 12 months, he has invested more than $1 billion in Chinese Internet companies) or his incredible and ever-expanding sources of intelligence in the fast-growing global digital market. No, it is simply that he likes it: He's happiest being in transit.

And yet, of course, Milner, despite his global consciousness and peregrinations (and 25,000-square-foot Los Altos Hills home), is Russian. While in some sense he has tried to move himself from this base—Mail.ru went public in London in 2010, and DST is all but set on doing business in only non-Russian-speaking countries—his home and base are in Russia; until two years ago, the majority of his capital was still Russian (today, 70 percent of his capital comes from outside his country); and, one suspects, the people who can most complicate his life are Russian.

Indeed, despite his global expansion and the personal fortune he has amassed on paper from DST—2 percent annual fees on the fund's $1 billion in capital; 20 percent on gains of more than $10 billion—he seems very much attentive to the politics of

Russia. Or, perhaps more accurately, to navigating the politics of Russia, gaining distance, but not too much distance. Not getting ahead of himself. Knowing his place.

Milner's invitation to interview him in Moscow—which arrives as though it had always somehow been expected—comes with a condition attached: that I come first to Saint Petersburg and moderate a panel at what is called the St. Petersburg International Economic Forum. Like much of Russian capitalism, it's an insular imitation of something else—in this case, the World Economic Forum in Davos.

This is, I realize, a complicated, possibly even amusing, bit of theater in which I've been cast in a minor role. Milner himself is playing many parts. He is the organizer of the panel as well as one of its main draws. He is the interviewee as well as the stager of the interview. Indeed, he lays it out for me: These are the people I should call on to speak for the Russian view; this is who I should call on to speak for the American view; this for the international view; and Milner for the view in between.

The Russians on the panel include Dmitry Grishin, whom Milner has installed as CEO of Mail.ru, now the second-largest Internet company in Russia, and Arkady Volozh, CEO of Yandex, the largest Internet company in Russia. The Americans are Mary Meeker, a former Morgan Stanley analyst who now works as a VC at Kleiner Perkins Caufield & Byers, and Jim O'Neill, the Goldman banker who coined the term BRIC. And representing the international view are Daniel Ek, the Swedish cofounder and CEO of Spotify, with which Milner has been in the process of negotiating an investment, and Peter Vesterbacka, the roving head of marketing for Rovio, the company that created Angry Birds. (While Milner seems decidedly skeptical about the company's claims that it will shortly be bigger than Facebook, he has discussed investing in Rovio.)

And, as well, there is Russian president Medvedev—the main point, I assume, of this whole exercise. That is, I am told that there is a good possibility that Medvedev will show up for the panel. He will appear—*if* he appears (but, wink-wink, he will appear)—after the panel has begun. At that juncture I have been instructed to say, "Welcome, Mr. President. It is an honor to have you join our session. May we invite you to join our panel?"

In fact, when the moment arrives, I fail to notice Medvedev's entrance into the packed room until Milner elbows me in the ribs, with, I note, the faintest smile.

Successful people, it should not be a surprise, are often trying to explain their success to themselves as much or more than to others. As Milner takes me on a tour through his Moscow, he seems to be marveling at himself. Not at all in a prideful way. He's almost a witness—one trying to explain and illustrate both his ordinariness and his uniqueness.

Dinner is in his apartment in the outskirts of Moscow. It's three well-secured floors in a comfortable, almost LA-suburban-style high-rise decorated by his wife, Julia. They moved here just two years ago—part of the wide transformation in their lives—from a much smaller in-town home (which Milner has given to his nephew). Other than the sheer size of the new place, the only element that really distinguishes it is that where someone else might have crammed in a lot of artwork, Milner has crammed in video screens, each tuned to some global news outlet or real-time social media application.

It's here, before dinner, that Milner tells me that he didn't quite graduate from Wharton—he was, in fact, a few credits short. It's a pointed admission; he seems to want to clean up the record (and to point out that many successful people in the Valley never graduated, which perhaps increases his credibility!).

Dinner itself, stiff but pleasant, is partly prepared by his wife and partly a take-out buffet of hummus and tabbouleh. His two daughters, who Milner hopes will demonstrate their English, join us. They are charming if reluctant performers.

In the morning, Milner and his driver fetch me at my hotel. The first stop is his new synagogue, a tonier and more conservative temple, and with more security, than the one he grew up in. Jewishness is a pronounced theme in the tour: The Jewish boy, having some sweet revenge, has become a member not just of the Russian establishment but of the new world technology order. But sentimentality goes only so far. When I ask about just how observant he is—refraining from mentioning that his wife is obviously not Jewish—his response is piquant: "Very limited."

He offers a yarmulke from the communal bin as a souvenir.

We chart the oligarch's rise through neighborhoods and schools that give neither a sense of destiny nor, for that matter, much sense of the long Soviet pall that fell over half of his life. But, clearly, the fact that the pall has lifted still seems like a marvel to him. He recounts his father's near brush with Stalin and, when we reach Red Square, recalls still with some breathlessness how he was here, with few others, when the Soviet flag was lowered and the Russian flag hoisted.

Trying unsuccessfully to cut the line to visit Lenin's tomb, Milner sketchily outlines his own current place advising the government—appointed by Medvedev to sit on a committee that seems, by my interpretation, to be akin to the Council of Economic

Advisers. Curiously, he casts this in almost pro-American or new-generation terms: The two non-politicians on this committee—he and Mikhail Prokhorov (owner of the New Jersey Nets)—are both heavily invested in the US.

Lunch is at a new Italian restaurant with a terrace that overlooks the White House, Russia's Parliament, which in 1991 was occupied by dissidents. Milner points out the stretch of road where he was standing that day and the stretch just ahead where various other bystanders were killed. Milner retreated into this building, on top of which is the restaurant where we are now eating our quail risotto.

We decamp to Moscow State University, where he graduated with a degree in theoretical physics. Walking the small park, which counts as the campus, in front of the massive building, Milner, who was slotted into the lesser track instead of the more elite one, gives another rueful picture of the system's slights to Jewish students and Jewish ambition.

It is hard not to read the obvious: Who would be more gobsmacked by the implications of social media—the prospect of everyone constantly talking to one another without an arbiter, mediator, or censor—than a citizen of the former Soviet Union? Likewise, who would see it as more revolutionary and valuable?

That is the singular insight that transformed Milner and through which he is transforming technology finance: It seemed worth more to him than to anybody else (at least anybody else with money).

In a way, he is to social media what Michael Milken in the mid-'80s was to many non-credit-worthy companies. Like Milken, Milner, in part through the lens of his own life's experience, saw another level of value entirely—if the world was being transformed by social media, it was more valuable than anyone thought. And, too, if technology companies had reached a certain level of value, that was a pretty good indication of their permanence.

Accordingly, he upped the ante and put social media and himself at the center of technological development.

Indeed, there is a different or further mission. He's more beholden, he's more in awe, than the Silicon Valley establishment—blasè9 or cynical as any other establishment—is of its geniuses. There is always something vaguely oppositional about the relationship VCs have with the companies they invest in. They are trying to maximize their positions, to pay as little as possible and cash out for as much as possible.

Milner—now the singular link between the major players of social media, Zuckerberg at Facebook, Mark Pincus at Zynga, Andrew Mason at Groupon, Jack Dorsey at Twitter, Daniel Ek at Spotify—is not thinking about individual deals but is aligning himself financially and strategically with the founders and reaping the benefits. Already, he competes with the topmost VCs in terms of personal wealth, and he is arguably now more important—Milner is setting the price.

Next year, in Scotland, Milner tells me, he will host a gathering of all the Internet companies in the world that have a valuation of more than $1 billion—he is setting the agenda, reordering the power structure.

In a sense, the elites of Silicon Valley have a good reason to be suspicious of Milner. He has stolen, or at least moved, the center of their world.

*Contributing editor Michael Wolff (*michael@burnrate.com*) wrote about the death of the web in issue 18.09.*

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