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# As Tech Rebounds, A Software Mogul Builds Big in Hawaii

Marc Benioff's Plans Included Lotus Pond, Lagoon Pool; Remote-Control Toilets

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Silicon Valley's boom-bust-boom cycle can produce ripples far from California's shores. Take a look, for example, at a five-acre oceanfront estate going up on Hawaii's largest island.

Workers are putting the finishing touches on about a dozen structures on the plot, which overlooks a coastline of black lava rock and the blue Pacific Ocean. Among the structures: bungalow-like bedrooms and bathrooms with thatched roofs and a lagoon-style pool, according to data and officials from Hawaii County. Together, they add up to a village-like second home that the county lists as having a living area of 7,606 square feet.



**Marc Benioff**

The sprawling compound is owned by Marc Benioff, chief executive of **Salesforce.com** Inc., a San Francisco Web-software company. Mr. Benioff's estate tracks Silicon Valley's recent economic vacillations. He bought the land for \$12.5 million in 2000, near the height of the dot-com frenzy. During the tech slump, he didn't file for building permits, but, rather, used the time to plan the complex and launch his own construction company.

As tech began its comeback in late 2003, Mr. Benioff applied for permits. Then, as Salesforce.com's stock soared after its 2004 initial public offering, Mr. Benioff's plans for the complex mushroomed. According to a county Web site that lists the property's 21 building permits, the home's construction costs so far total more than \$8 million.

The residence has become the talk of the area. "When you're in the vicinity, it's hard to overlook," says Kathrin Kohler, a real-estate agent in a hotel next door to Mr. Benioff's property. The scale and style of the construction have led to a lot of wonderment about what, exactly, is going up, she says: "People comment on it and are always curious if it's another resort that's being built."

Mr. Benioff, through a spokeswoman, declined to comment for this article.

Back during the dot-com boom, many tech executives bought vacation properties in hot spots like Aspen and Vail, Colo. Such purchases declined during the slump. But rising tech stocks and stock-option gains are back. Executive officers of Silicon Valley's 150 biggest companies exercised more than \$1.84 billion in stock options in fiscal 2005, up 77% from 2003, according to compensation-research firm Equilar Inc. Some of the proceeds are again going into real estate far from Silicon Valley.

Hawaii, a five-hour flight from California, is a particularly popular destination. In February, Carol Bartz, chairman of software concern **Autodesk** Inc., bought an \$8 million property in Hawaii, following up on a \$6.2 million real-estate purchase she made in the state in 2005, according to public records.

**Hewlett-Packard** Co. chief financial officer Bob Wayman finished building a house in Hawaii in 2004. Real-estate developers and agents say executives from **Apple Computer** Inc., **Yahoo** Inc. and other tech companies have also been recent buyers in the state.

Tech entrepreneur Mitch Kapor last year paid more than \$5 million to buy several plots on Maui, where he may someday retire. Mr. Kapor says he will also use the parcels for agricultural purposes. Spokespeople for H-P and Autodesk declined to comment.

The airport at Kona, a techie hot spot on the "Big Island" of Hawaii, is often packed with private jets. The airport, which averages 52 inbound and outbound airline flights a day, has had as many as 55 private jets parked during peak periods, says Chauncey Wong Yuen, the airports manager for the Big Island.

Mr. Benioff's planes are sometimes among them. He is listed in Federal Aviation Administration records as having fractional ownership of two Gulfstream IV jets. Between them, the jets have made eight trips to airports on the island of Hawaii since late 2004, according to a database containing flight information filed with the FAA.

Known for wearing Hawaiian shirts and for bringing his golden retriever, Koa (Hawaiian for "warrior"), to the office, Mr. Benioff frequently signs off on emails with the Hawaiian salutation "aloha." In Hawaii, the 41-year-old has put his money into various philanthropic causes, including health care and equipping school buses with computers to use as roving computer centers.

Mr. Benioff's high-tech wealth comes from work at **Oracle** Corp. and from Salesforce.com, which he founded in 1999. When Salesforce.com went public at \$11 a share in June 2004, Mr. Benioff owned more than 28 million shares of the company, valuing his stake at more than \$300 million. Since February 2005, when he began regularly selling some of those shares, he has cashed in more than \$139 million of stock, according to Thomson Financial. Salesforce.com shares closed yesterday at \$28.47.

Mr. Benioff is a Silicon Valley veteran who rose through the ranks at Oracle doing sales, marketing and product development to become a prominent executive -- and one of the youngest -- there in the 1990s. He was already rich when he left Oracle in 1999 and could have built an estate then, but his next venture made him considerably richer. Salesforce.com helped popularize the idea of offering services via the Web instead of software that customers install on their own computers. Today it has more than 444,000 subscribers at 22,700 companies world-wide.

Mr. Benioff is spending major money on prime real estate in several places. Last year, using a

limited-liability corporation, he bought a San Francisco house listed at \$27 million. According to public records, the home, previously owned by J. Crew Group Inc. CEO Millard Drexler, has a living area of 15,858 square feet.

His real-estate jewel is the oceanfront Hawaii compound plot that he bought in May 2000. Seattle-based Olson Sundberg Kundig Allen Architects says it worked on an early concept for Mr. Benioff that emphasized a collection of detached structures. Architecture firm Hart/Howerton, which has offices in San Francisco and New York and had an office in Hawaii at the time, produced drawings for the compound, public records show.

Mr. Benioff ultimately worked closely with two Hawaii-based Hart/Howerton architects, Mark de Reus and Scott Dale, according to public records. Messrs. de Reus and Dale declined to comment.

Mr. Benioff also launched his own Hawaii-based construction company. In October 2002, his agents registered to create Kukulu Pono Construction LLC, public records show. The company hired local talent, including Mr. Dale and veterans of the Hawaiian construction industry.

As Salesforce.com got ready to file for an IPO in late 2003, Mr. Benioff's representatives submitted permits with Hawaii County to build more than a dozen separate structures, including a 500-square-foot canoe "hale" (Hawaiian-style house), a 419-square-foot covered deck with barbecue and wet bar, and a 996-square-foot exercise hale with sauna, according to public records. His firm was listed as contractor.

A month later, in December 2003, Salesforce.com filed for an IPO. The CEO had already privately sold 6.7 million shares at prices ranging from \$2.15 to \$8 a share, company disclosures show, including two million common shares at \$8 just days before the IPO registration.

Salesforce.com shares jumped more than 50% on their first day of trading in June 2004. That year, Mr. Benioff's agents filed permits for rock perimeter-walls, a lotus pond and other amenities, public records show. After Mr. Benioff began selling his Salesforce.com shares regularly in early 2005, his staffers got permits to add an air-conditioned meditation room and a two-story structure with bedroom and bathroom, according to public records.

Mr. Benioff's spokeswoman says some of the home's plans were later modified and not all were carried out. She adds that the scope of the home didn't grow and says that updates to this kind of project are fairly typical.

Dwayne Inouye and James Morton, building and plumbing inspectors with the County of Hawaii, say the property, with its stonework, thatch and lagoon pool, now looks like a mini-Hawaiian village -- but with some high-tech features.

During an inspection last week, Mr. Morton says, the home's plumbing contractor told him the walls are embedded with moisture sensors that transmit data to a control center, allowing maintenance personnel to remotely pinpoint leaks. The inspector says he was also shown toilets designed to automatically flip open their covers and seats at the push of buttons on the walls. The remote-control toilet seats weren't working at the time, says Mr. Morton, but "it's the first time I've heard of anything like that."

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