Silicon Valley Is in Its 'Hard Tech' Era

Goodbye to the age of consumer websites and mobile apps. Artificial intelligence has ushered in an era of what insiders in the nation's innovation capital call "hard tech."

▶ **Listen to this article · 10:46 min** Learn more

By Mike Isaac
Mike Isaac has reported on Silicon Valley and technology since 2010.

Aug. 4, 2025

In a scene in HBO's "Silicon Valley" in 2014, a character who had just sold his idea to a fictional tech company that was a thinly veiled analogue to Google encountered some of his new colleagues day drinking on the roof in folding lawn chairs. They were, they said tipsily, essentially being paid to do nothing while earning out — or "vesting" — their stock grants.

"Rest and vest," the techies said, in between sips of beer.

The tongue-in-cheek sendup wasn't far from Silicon Valley's reality. At the time, young engineers at Facebook, Apple, Netflix and Google made the most of what was known as the "Web 2.0" era. Much of their work was building the consumer internet — things like streaming music services and photo-sharing sites. It was a time of mobile apps and Mark Zuckerberg, Facebook's founder, wanting to give everyone a Facebook email address.

It was also the antithesis of corporate America's stuffy culture. Engineers held morning meetings sitting in rainbow-colored beanbags, took lunch gratis at the corporate sushi bar and unwound in the afternoon with craft brews from the office keg (nitrogen chilled, natch). And if they got sweaty after a heated office table-tennis tournament, no matter — dry cleaning service was free.
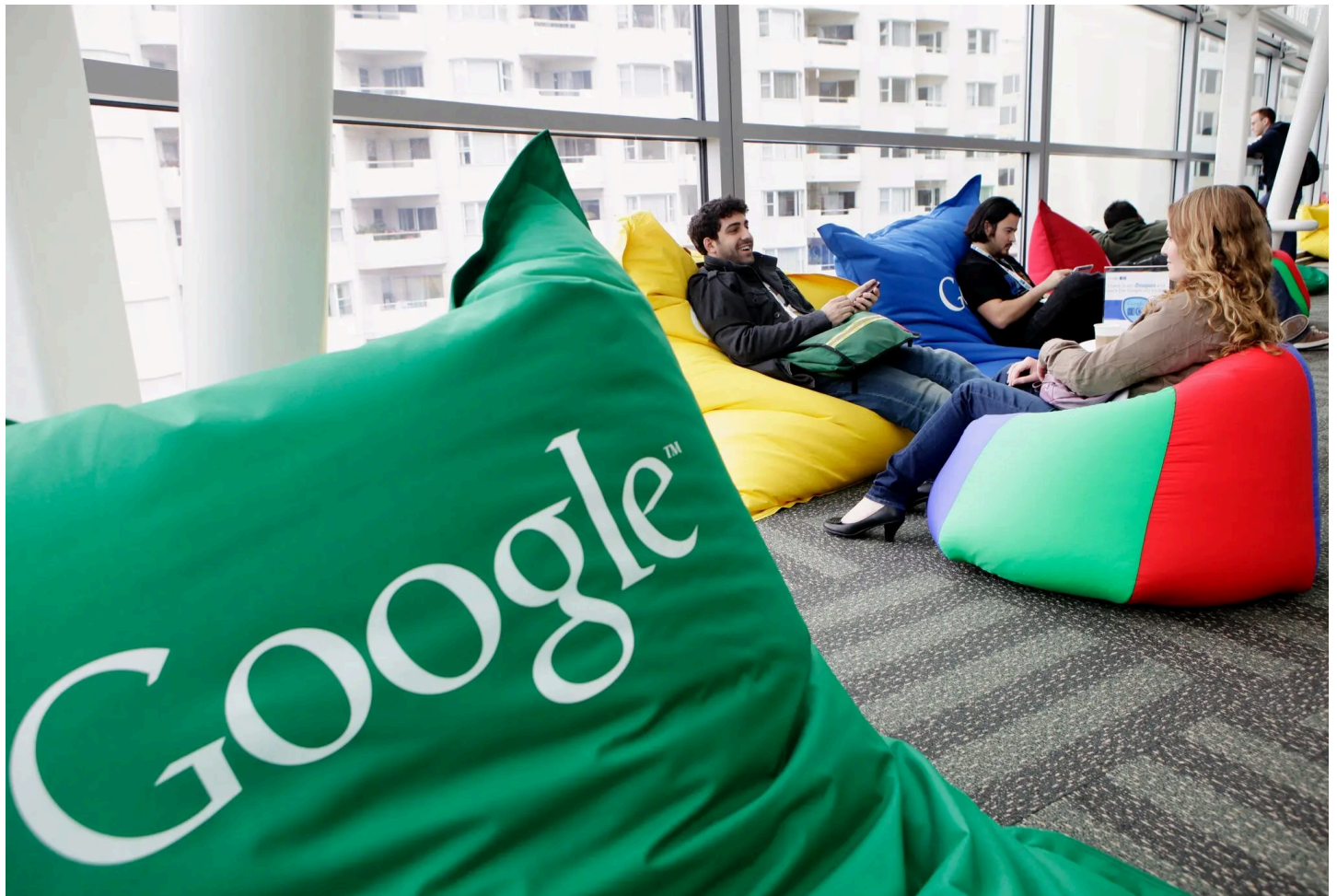
Attendees at Google's developer conference in San Francisco in 2011. The Silicon Valley company influenced corporate America's business culture. Marcio Jose Sanchez/Associated Press

That Silicon Valley is now mostly ancient history. Today, the tech has become harder, the perks are fewer and the mood has turned more serious. The nation's tech capital has shifted into its artificial intelligence age — some call it the "hard tech" era — and the signs are everywhere.

In office conference rooms, hacker houses, third-wave coffee houses or over Zoom meetings, knowledge of terms like neural network, large language model and graphical processing unit has become mandatory. Stacked up against ChatGPT's ability to instantly transform any image into a Studio Ghibli cartoon, Instagram's photo filters are practically Paleolithic. And the chatter is about not how you built your app with the HTML5 coding language, but how many H100 graphics cards — the highly coveted hardware for running A.I. programs — you can get your hands on.

The tech epicenter has moved from the traditional cradle of Silicon Valley — the towns of San Jose, Mountain View, Menlo Park and Palo Alto — 40 miles north to San Francisco, the home of the A.I. start-ups OpenAI and Anthropic. Tech giants like Google are no longer hiring in droves as they once did. And those with jobs at those behemoths are met by the watchful eyes of managers looking to cut dead weight rather than coddle employees.

The region, long known for its capital-L Liberal politics, is no longer a political monoculture. A contingent of venture capitalists and entrepreneurs have spurred a rightward shift, leading to the rise of the "Liberaltarian" — a term coined by two Stanford political economists to describe the tech industry's proclivity toward trumpeting liberalism in some social issues but maintaining antigovernment posturing in regulating businesses. Alongside that change, industries that were once politically incorrect among techies — like defense and weapons development — have become a chic category for investment.

If Silicon Valley's Web 2.0 era was defined by founders playing God on their computers by creating social networks and other services, the new era is about founders angling to create 'superintelligent' computers that may one day surpass humans and become a kind of 'God' in the machine.

"The low-hanging-fruit era of tech, where earlier consumer-facing software businesses were easier to build and printing money, it just feels over," said Sheel Mohnot, a general partner at the venture capital firm Better Tomorrow Ventures in San Francisco.

Silicon Valley has long provided a peek into the possible future, and the region's changes over the past 15 years give a glimpse into the technologies and corporate cultures that may spread across industries and, eventually, across the rest of the world. After some years of dizzying highs (Twitch! Waymos! Crypto!) and very low lows (Metaverse! Clubhouse! Crypto!), we would do well to stop and see how the nation's tech capital has altered. We might learn something about how we will soon live.

Meta's corporate headquarters in Menlo Park, Calif. The campus was previously occupied by Sun Microsystems, a tech company that was later acquired by Oracle. Josh Edelson/Agence France-Presse — Getty

Images

I've seen these changes firsthand, having lived in the San Francisco Bay Area for 20 years and worked as a tech journalist since 2010. I began chronicling Silicon Valley in its Web 2.0 heyday, when Facebook and Google — still in their adolescence — were replacing older companies like Sun Microsystems as the cool places to work.

In some cases, quite literally. Facebook bought Sun Microsystems' corporate campus in Menlo Park in 2011, making it the headquarters of a social networking empire that absorbed Instagram and WhatsApp. Facebook, later renamed Meta, also commissioned Frank Gehry to design a new postmodern office complex next door.

Down the road, the Googleplex in Mountain View was sucking up talent and growing like a weed. Larry Page and Sergey Brin, Google's founders, codified the now famous "20 percent time" perk, allowing employees to work on whatever they wanted one day a week.

"Google kicked off the lunches and the nap pods and all that stuff, and everyone else just had to compete," said Mr. Mohnot, the venture capitalist.

With interest rates for borrowing cash at rock bottom in the late 2010s and early this decade, Web 2.0 start-ups raised money easily. One company, Zume, raised nearly $500 million to revolutionize automated pizza making.

Then came the pandemic. Some techies who worked in Silicon Valley but lived in San Francisco were fed up with what they saw as the city government's getting too "woke." Others saw an opportunity to work remotely. Many decamped to Miami, Austin or Jackson Hole. Downtown San Francisco hollowed out.

Facebook, Google and others hired aggressively in 2020 and 2021, as people were trapped indoors and their internet use soared. But after lockdowns lifted, the companies found they had recruited too many people.

In 2022, Mr. Zuckerberg slashed roughly a third of Meta's work force. Elon Musk, who bought Twitter, shed three-quarters of its employees. Other companies followed, eliminating moderators, marketers, media handlers and all things associated with diversity and inclusion. Heaven help those with a humanities degree.

That same year, OpenAI — a relatively obscure A.I. lab in San Francisco — unveiled ChatGPT, which exploded in popularity. Suddenly, A.I. was the hottest thing.

In November 2022, OpenAI unveiled its A.I. chatbot ChatGPT.   Jackie Molloy for The New York Times

Meta, Google and others joined the A.I. rush, shedding "softer" skilled employees for "harder" ones. Digital prophets, whose jobs amounted to being full-time TED Talk deliverers, were out. Deep learning and neural network specialists were in.

Venture capitalists, undaunted by failed investments in crypto and metaverse start-ups, threw their money at any entrepreneur with "A.I." or "machine learning" in the pitch deck. As OpenAI, Anthropic and other A.I. start-ups gained prominence in San Francisco, entrepreneurs abandoned building a "Silicon Beach" in Miami or a "Silicon Hills" in Austin. They returned to the Bay Area.

"For something so up in the cloud, A.I. is a very in-person industry," said Jasmine Sun, a former employee at Substack who is a culture writer in San Francisco covering tech and A.I. trends. "People are going to parties, hacker houses, happy hours. It's where they all mingle and exchange information."

The A.I. influx has remade parts of San Francisco. The space between the city's Mission District and Potrero Hill neighborhood is now called "The Arena" after start-ups like Notion and Chroma moved in along with OpenAI. Like Russell Crowe in "Gladiator," founders in "The Arena" are fighting one another for A.I. supremacy, though on the battlefield of free-market capitalism and not in the Colosseum.

Techies and others often work and socialize at a space called Shack15 inside the Ferry Building in San Francisco, with a view of the San Francisco–Oakland Bay Bridge. Loren Elliott for The New York Times

Hayes Valley — an edgy neighborhood that has gentrified — is called "Cerebral Valley," a hot spot for A.I. engineers to meet over warm lamb and harissa salads at Souvla. Nearer the water, the Ferry Building on the Embarcadero is home to Shack15, a private co-working space filled with start-up workers eager to network in between vibe-coding sessions.

As a more right-leaning crowd of tech elite and terminally online Gen-Z founders emerged, they turned against politics in the workplace and globalism. Sharing technology globally had put Silicon Valley's tech leadership at risk of being overtaken by China, some said.

New start-ups reflected the evolution. Instead of tap-to-pay apps of a decade ago like Clinkle and Bump, young companies making unmanned aerial drones stocked with A.I.-guided Barracuda cruise missiles appeared. Think of the change as less HBO's "Silicon Valley" and more HBO's "Mountainhead."

Still, an appetite for exuberance remains.

Roon, a computer scientist and well-known member of the tech commentariat on X who is known by his handle, recalled a party around the time of ChatGPT's 2022 release as a watershed A.I. moment for San Francisco. Stability AI, a start-up that makes image-generation software, rented the city's Exploratorium science museum — founded by Robert Oppenheimer's younger brother, Frank — to celebrate $101 million in funding.

"It was fun, it was real, the tech was real," said Roon, who declined to be named because he works for a prominent tech company but does not represent it.

There is a sense of cautious optimism — even renewal.

Uber subleased 500,000 square feet of office space to OpenAI in 2023, as the company expanded. Scale AI, which Meta recently invested $14.3 billion in, took over a building in San Francisco's Design District that had been occupied by Zynga, the gaming company. Even the once sleepy Financial District is bustling again.

"We are so back," Roon said.

Mike Isaac is a technology correspondent for The Times based in San Francisco. He regularly covers Facebook and Silicon Valley.