

WEBHEAD

Nullsoft, 1997–2004

AOL kills off the last maverick tech company.

By Paul Boutin

When America Online purged its tiny Nullsoft branch of all but three employees this week, it lost arguably the most prolific division of the company. Not that you could really blame AOL for the mass layoffs—all of Nullsoft’s projects were spitballs tossed at the honchos upstairs. Before the AOL days, Nullsoft founder Justin Frankel and his team of whiz kids practically invented the MP3 craze when they rolled out their Winamp player and Shoutcast server. When AOL paid millions to buy the then-20-year-old Frankel’s services in 1999, he used his new gig to become what *Rolling Stone* called “the Net’s No. 1 punk.”

From his AOL office, Frankel posted applications (without his corporate parent’s permission) that made screwing the Recording Industry Association of America easier than ever, including the peer-to-peer program Gnutella and the covert file-sharing system WASTE. Frankel quit at the beginning of this year, and Nullsoft’s shutdown nails the coffin lid shut. There’ll be no more cool pirate tools underwritten by America Online.

What kind of snot-nosed brat takes millions from AOL and then publishes software perfect for ripping off Time Warner’s entire catalog? Frankel, a grunge-dressing slacker from Sedona, Ariz., was a teenage college dropout in 1997 when he wrote Winamp, the first program that made playing MP3s on a PC point-and-click simple. He’s not the world’s greatest programmer, but Frankel has a knack for finding simple and clever solutions to huge engineering problems. While he’s got a prankster’s streak—one of his high-school hacks was a keystroke logger for the teachers’ computers—Frankel didn’t write Winamp so he could steal music. All he wanted was a better way to listen to music on his PC. Apparently, so did several million other people.

As the shareware checks for Winamp piled up, Frankel kept hacking. While big software companies elephant-walked in circles trying to develop online music distribution systems, he created Shoutcast, an MP3 server that streams music over the Net. Winamp and Shoutcast became the default way to play, drawing tens of millions of fans in less than two years. That’s when AOL rewarded Frankel by buying Nullsoft for \$100 million in 1999.

Lots of geeks who couldn’t make it through engineering school became multimillionaires in the boom. But Frankel remained an unreconstructed kid in a field of hackers-turned-entrepreneurs. Like Kurt Cobain, he used his money to challenge the people who gave it to him. As AOL was merging with Time Warner in March 2000, Frankel published Gnutella, a peer-to-peer file-sharing system that addressed the fatal flaw in Shawn Fanning’s Napster. Fanning relied on a bank of central servers that would eventually be shut down by record industry lawyers. Gnutella, by contrast, was completely decentralized. The only way to shut it down would be to go after every single user.

When Frankel posted Gnutella on Nullsoft’s site it came with a cheeky, half-apologetic note: “See? AOL can bring you good things!” AOL was not amused; they had him remove the program immediately and disclaimed it as an unauthorized side project. But Gnutella had already been spread around the Net and reverse-engineered by eager programmers who set to work improving Frankel’s gift. Years after Napster’s servers went dark, Gnutella traffic is still growing.

For most people, flipping off the man once would be enough, but Frankel kept at it for years—he even posted a tool that removed the ads from AOL Instant Messenger. Finally, in mid-2003, as the RIAA was preparing lawsuits against random Gnutella users, Frankel concocted a counterstrike: WASTE, a private file-sharing system whose traffic is

encrypted from prying eyes and whose networks are invitation only. (The name comes from the underground postal system in Thomas Pynchon's *The Crying of Lot 49*.) If snoops can't see what WASTE users are sharing and RIAA stoolies can't hop onto the network to lure copyright violators, there's no way to gather evidence of copyright infringement short of raiding homes and seizing computers.

Frankel told *Rolling Stone* that he tried to persuade AOL to release WASTE themselves as a way to revive their fast-falling customer base. When they rebuffed him, he released the program on the fourth anniversary of AOL's acquisition of Nullsoft—May 28, 2003—as a means of confronting the company. Again, AOL took the program down and disowned it. Not long after spilling his guts to *Rolling Stone*, Frankel resigned. “For me, coding is a form of self-expression,” he explained in a blog post that he would later remove. “The company controls the most effective means of self-expression I have. This is unacceptable to me as an individual, therefore I must leave.”

With Nullsoft gone and Frankel spending his time building a special-effects computer for his electric guitar, the old Winamp/Gnutella gang probably won't get back together for one more hit. Conventional wisdom says Frankel is more likely to join the millionaire has-beens who dot the hills in my San Francisco neighborhood or become a trophy hire at a tech startup, like contemporaries Fanning, Marc Andreessen, and Linus Torvalds.

But I wouldn't count him out yet. Most dot-com heroes come across as self-promoting one-hit wonders, but Frankel does his best work when you try to shut him up. It's happening again: In August, federal agents raided five homes and an ISP where they had managed to track down WASTE-like private networks. Having successively hacked his way around the limitations of CDs, MP3s, Napster, and the RIAA, Frankel may next try to find a way to thwart the FBI. As he's proven over and over, he doesn't need AOL's backing to do it.