CRAIG CONWAY
ORAL HISTORY

COMPUTERWORLD HONORS PROGRAM
INTERNATIONAL ARCHIVES

Transcript of a Video History Interview with Craig Conway
President & Chief Executive Officer, PeopleSoft

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A "Moving" Childhood

CC: My name is Craig Conway. I was born in Fort Wayne Indiana on October 17, 1954.

DSM: Tell us a little bite more about your parents

CC: I was born to, probably what was at the time, a lower class upbringing. My parents lived in a house trailer. My earliest memories were of a 30-foot house trailer, and we lived in a trailer park, and my father was still getting his college degree at the age of 27, and working a part time job as an elevator operator. So I would say that my upbringing was modest.

DSM: And your mom?

CC: My mom was an immigrant to the United States from the country of Sudan, Africa. She met my father when he was in the service. She was working for the US Embassy, and she spoke English and they fell in love and got married and she immigrated over here. So she is a first generation American who emigrated from Sudan, Africa.

DSM: Do you have brothers and/or sisters?

CC: I have one brother. His name is Gary. He's 2 years older than me, and no sisters.

DSM: You said your Dad met your Mom while he was in the service. He's old enough to have served in World War II. Was it during that?

CC: No. He was probably a little young to have served in WWII. He served in the Korean War, and he just happened to be stationed in Africa in the Korean War. He did not see active duty in Korea.

DSM: One of the things that we try to capture in these interviews is some sense of the America in which you grew up. Did you live for a long time in Fort Wayne?

CC: We moved around. My parents moved around and we went with them during our childhood. My father wound up in the construction industry; first in fairly junior positions and eventually in a regional manager position with a construction company. As construction projects were completed we moved to new cities where they were starting them. So I moved an average of every 2 years as I was growing up.

DSM: Is there a place you think of as home?

CC: Yes. I think the closest thing to being my roots is probably Chicago. Just to give you an idea of why I think that, it's because we spent 4 years in Chicago instead of 2.

DSM: How old were you then?

CC: I was 7 when we moved to Chicago. I was 11 when we moved on from there to Cleveland, Ohio.

DSM: I'm about 4 or 5 years older than you are and I remember meeting a lot of kids. My Dad was in the trucking business and I remember what it was like always being the new kid. What was it like for you?

CC: I would say being the new kid in the neighborhood, I had a lot of solitary time, and being from a small family, it was just my brother and I. The process of moving around I remember as being non-traumatic, non-disruptive until the high school years, and then pretty traumatic.

DSM: Did you start school in Chicago?

CC: I guess I started school in Cincinnati, Ohio, where we had moved from Fort Wayne. I started kindergarten and first grade there. Then we moved to Chicago and I started second grade, skipped second grade actually. I was there through seventh grade, and then went on to Cleveland, Ohio where I went through middle school and part of high school, and then to Buffalo, New York for High school.

Getting on the Fast Track

DSM: Were there any teachers during that period that you particularly remember, or was it just a passing whirl of schools?

CC: I think up to the age of high school, I think you idolize all of your teachers. They all seem like they were wonderful role models and defined your imagery of maturity and intelligence. So I actually have fond memories of all my teachers up until high school. I think in high school, I had the exact opposite; all of your teachers seem like role models of who you don't want to become. None of them are as intelligent or see the world as clearly as you do. By the same token, the ones that you do think highly of in high school are the ones who truly shaped your life. I certainly had a couple that shaped my life in high school.

DSM: I know it's sometimes unfair to ask this question, but do you remember their names and what they taught?

CC: There were 2 teachers in high school that I think changed the course of my life. One was a teacher of mathematics. I don't know her first name because back when I went to school, you would never think of calling a teacher by their first name. But her name was Mrs. Vanderlit. She taught High School math in Buffalo, New York. The second person was MaryAnn Licker and she taught English in High School.

The significance of Mrs. Vanderlit in my life was that when I arrived in high school, having moved, yet again, I was very unhappy and it was showing in my grades. I was in the slow track in math, and Mrs. Vanderlit recognized that I was in the slow track not because I didn't have mathematic ability but because I was unhappy and wasn't applying myself. So she would work with me, and would challenge me beyond the course work. Give me problems to do on the weekends. If we had a summer vacation or Christmas vacation or Easter break, she would give me problems to solve and I would come back and just put them on her desk, and she never graded them and returned them to me, it was just a little challenge to me.

A year later I was in the advanced class in math, and I ultimately ended up getting a double major in college, one of which was in math. So I went from a slow class in high school in math to a 3.8 average in math in college, and declaring it as my major.

DSM: Extraordinary. Do you know if Mrs. Vanderlit is still teaching?

CC: I don't know if she is still teaching. I wrote her a letter when I was in my 20's, when all of a sudden collective guilt catches up with you, and you realize, "It wasn't all about me." And there were people that were pretty high caliber in the world and you want to recognize them. So I wrote her a letter and I told her that I had gone on to get a mathematics degree and how instrumental she was in that decision. And I know she got it. Actually she wrote me a letter back, and then I lost touch with her.

DSM: Mathematics is understandable, given your degree, and Computer Science, but what about English?

CC: Well that's a different story. I think Mrs. Vanderlit was the catalyst to what has turned out to be a lifelong love of Math and science. MaryAnn Licker was really the other side of my brain. She was really the person who was influential in encouraging the non-science thought processes, the questioning of assumptions in life. If there was a development in the world, she would be talking about it in class. She would be analyzing the rightness or wrongness of the situation, and unlike a lot of teachers who had a black and white view of right and wrong, she was wonderful for exploring the gray areas of life. And so she was really quite instrumental in what is today, "thinking outside the box." She was quite instrumental in having me think outside the box, at all levels, not just current events, but everything from the rules of the school, to current events, to the emotions and hormones that drive high school students. So no topic was off limits. No topic was too controversial. She did a wonderful job of cultivating free thought in me as a high school student.

DSM: When you were in high school, it was an interesting time with the Watergate, as in Nixon and…..

CC: …the Vietnam War...

DSM: The Vietnam War was winding down. Were you touched in any way by the Vietnam War when you were in High School?

CC: Was I touched by the war? I think at the time I thought I was touched by the war, but now in retrospect maybe not. What most students think is really the collective consciousness of their parents and teachers. You really have to ask yourself, "Which of my opinions at that time were really my own?" Of course at the time, resistance to the War was the order of the day, and so I was enormously rebellious in high school I was questioning authority. I was questioning the government. I was questioning everything that was done at the time, but at the same time, that was what everybody was doing back then.

College vs. Digging Ditches

DSM: Your high school years were tough times for your family as well with the recession. Was there any question at all that you were going to college?

CC: No there wasn't, and I think it was because my parents came from such sparse beginnings in life. My father left home at 15 and made his way in the world. As I mentioned he did not go to college until he was 27 years old. My mother never went to college, and to this day is one of the brightest people that I know.

So to them, college represented the ultimate achievement, both for a child, and also for a parent. It was a tremendous accomplishment for a parent to send their child to college. I can remember it being drilled into me by my mother, still rings in my ears, "If you don't want to dig ditches for a living, you had better go to college."

DSM: You started college at the State University of New York in the early 1970's?

CC: I started there in 1972 and graduated in 1976.

DSM: Well this does change things – the Vietnam War was at its height while you were in High School.

CC: The War wasn't winding down until I was in college. As a matter of fact, I was in college when they had the draft lottery system. When you were 19 you got a draft number and if the number was below about 120, you were going to get called up. I had a very low draft number. My draft number was 58 or something low, definitely within the range of getting called up, and I actually did go for my physical. Fortunately at that time the war was winding down and they did away with the draft so I completed my degree and dodged that bullet. Almost literally maybe.

DSM: Was going away to college scary for you?

CC: No it was exhilarating to me. It was traumatic for my parents and probably the saddest day of their lives but it was the most exhilarating day, up to that point, in my life.

DSM: 1972 to 1976 was a very interesting time to be in college. Did you go in knowing that you were going to be a Math major, or had you never even thought about it?

CC: I never thought about a major at that point. I declared a major in Math and Computer Science in my Sophomore year as a result of A) having an interest in Science, B) a fascinating new area of Computer Science, which was really quite a new discipline in 1972, 73', 74', and C) as a result of a college instructor who was very instrumental in my life.

DSM: I've heard Math skills described as a lot like music skills, where guys start playing an instrument where it's really difficult at first, but at some point, a transition is made and they know they can play and it just becomes part of them. Is there a time when you knew you could go to class, take the test and there was nothing they could throw at you that would be a problem?

CC: I agree with the premise. In math if you understand each building block there is no question you can do the next one. If you miss any building block along the way there is no question you will be lost from that point forward. So you cannot complete a mathematics course if you miss any concept along the way, because mathematics is cumulative.
DSM: I've read passages where you have described solving business problems as basically looking at an equation. You clearly worked on that in college. The other thing you worked on was judo. How did you get started there and who got you started?

CC: I discovered judo because I noticed that the coach of the State University Judo team was the coach of the US Olympic team. And I thought, what other time in my life could I study a sport under a US Olympic coach's direction? So in my freshman year in school I went to a judo practice and expressed an interest in joining the team. The instructor still actually teaches at Brockport, his name is Sashio Ashida. He is a 7th degree black belt in judo, from Japan.
DSM: Do you still keep up?

CC: No I don't. I actually revisited the sport when I was in my late 20's. I went to a dojo, which is a place you go to study judo, and it was one of the most humbling and painful experiences of my life. Truly 14 and 15 year old children would beat me in seconds. I mean I'm not talking about wear me down in 4 or 5 rounds, but literally in seconds. And the fact that I couldn't walk the next day because of the pain caused me to reexamine my commitment to that sport.

DSM: Going back to SUNY Brockport and being a Computer Science major, tell us what it meant to be in Computer Science, what machines did you use?

CC: Computer Science in 1972 was the most exciting, new revelation that society was going through. Computerizing things was new, it was fresh. Nobody knew how to do it, or what it was like. I attended a computer science course in my freshman year and I was hooked.

DSM: What was the first machine that you remember working on?

CC: The first machine was a Burroughs 2000. You used a teletype terminal and when you wanted to store the program, you hit a button and stored the program on a punch tape, which looked like a thick strand of confetti with holes in it. That was the first machine, and the second machine was an IBM 1130, which you interacted via punch cards. So there was a row of punch cards, and you punched out instructions in whatever programming language your were using and you handed it to a computer operator and waited for the computer program to be run

DSM: What was the first machine that you considered to be your own?

CC: It was probably a Texas Instrumental 99/4, which was a personal computer that TI designed to try to compete with Apple.

DSM: I was going to ask you more about judo. Did you have challenges?

CC: In my freshman year in college, I was in the 143 pound weight class, then I moved up to the 154 pound weight class and I began competing in tournaments I won a couple, but it was, really just great physical fitness.

DSM: Were there friends or rivals that made a difference in your college period?

CC: I don't think so. I was not a tremendously social, or socially active student. I was all business in college. I was taking the maximum number of credits. I was on the judo team, and I worked part time. I remember starting my homework at 9 or 10 o'clock in the evenings after finishing my job. I would finish my homework at 2 or 3 in the morning and get up at 7AM to go to an 8AM class. So I was all business back then.

DSM: Was what your part time job?

CC: I had a number of part time jobs in college. I worked at the computer center as a teaching assistant or a programming assistant to help students. Then I figured out a better job and that was working in the library behind the reserve desk where people had to come up and sign their name and show identification to get a book. I realized that was the best way to meet girls in college. So that was my best job.

Early Employment & the Personal Computer Wave

DSM: What was your first real, "I'm going to make my living at this," job?

CC: It was in 1976. When I graduated, I went to work for a company called Tymeshare. Tymeshare was a very visionary company at the time that put computer technology directly in the hands of executives. They did that by hosting the computer application on a remote dial-in basis. An executive would get access to the program by dialing the telephone number. They then took their phone and plugged it into the back of a terminal.

The terminal would come to life, they would enter a user ID and password, and then they would be able to access information. The programs were designed to be easy enough to allow VP's of marketing or CFO's or VP's of Finance or HR Vice Presidents to use. This was the solution to putting technology directly in the hands of business people at the time.

DSM: How long did you work with Tymeshare?

CC: 3 years.

DSM: And then where did you go?

CC: I went to Atari to be a part of the personal computer wave, the personal computer phenomenon. Apple Computer had proven that an enormous amount of what people used mainframes for could be done on a small PC sitting on a desktop. Atari wanted to be a part of that too. They had recruited somebody that I knew to start up that division, so I called him and essentially solicited him for a job. It was also in California where I wanted to live.

DSM: When you started at Tymeshare, what did you do?

CC: I was what was called an "Applications Consultant," which was basically a Systems Engineer. Applications Consultants, purpose in life was to follow salespeople around to prove that the products could do what the sales people promised that they could do. So I was a technical person. I programmed at the time and I supported salespeople in their efforts selling the Tymeshare service.

DSM: Is there a point in your work when you made the transition to being more of a sales and marketing guy?

CC: As I gained confidence in myself, I noticed that more and more meetings we would have with customers, I would be doing all the talking. The salesman would say, "Good morning. Thanks for seeing us. Did you catch that fish on the wall?" You know, all that ice-breaking stuff and then I would take over the meetings. I realized that the sales people were just sitting back and letting me do all of the selling. So I felt that I could sell as well as anybody.

Digital, Oracle & the Golden Years

DSM: Did you go to Digital from Atari?

CC: Yes, I went to Digital Research from Atari in 1983. Digital Research was a company that had the dominant market share, in the operating systems for 8-bit computers. Of course today, the dominant market share for 16-bit and higher computers is Microsoft, but at the time, Digital Research was the Microsoft of the personal computer business.

DSM: Some pretty legendary businesses of their time, from Tymeshare to Digital Research. You were at Digital for three years and your title was "Director of Worldwide Distribution." Was this your first experience international?

CC: Actually it was my first experience nationally, and internationally.

DSM: In the 1980's some interesting things happened. Can you tell the story what it was like during the transitional period from the introduction of 8-bit to 16-bit computers?

CC: First of all, the 1980's were the golden era of technology. There were developments on a monthly basis in personal computers and mainframe computers. This was the age of the mini-computer. This was the age of Prime Computer and Digital Equipment Corporation. This was the age of Unisys. This was the age in which portable computers were introduced. I think of the 1980's as the golden age. Everything that was invented in technology succeeded in the 1980's. So it was a wonderful environment to be a technologist in.

DSM: How did you get to Oracle? Were you recruited, did you go after them?

CC: I was recruited by a retained search fellow, and I met Larry Ellison in 1985. The company had about 250 people. It was a $13 million company. And I met Larry one day and was overwhelmed with the excitement around his vision.

DSM: You started in operations at Oracle, what did you do?

CC: Oracle was $13 million and large enough to have infrastructure issues. Larry Ellison had no patience with anything other than coding products or selling them. Everything else was overhead. Of course, if you don't do the G&A functions, your company will fall. Larry made a deal with me that if I came in to run operations' that I could also start some new sales operations, telesales, OEM selling, distributors VAR's. So I came on to be Vice President of Operations and then along the way I started some sales operations.

DSM: Your career from Tymeshare to Atari to Digital Research to Oracle, you're still a really young guy to be moving through this. Are there people you would credit with shaping your style or personality?

CC: I think that if you're smart your style will be shaped by everybody that you meet along the way. So there's a little bit of Larry Ellison that lives in me. There's a little bit of Mike Seashols, who was a Vice President at Oracle. You also become determined not to become certain people that you meet along the way.

DSM: At Oracle you moved from operations to something called "strategic relationships," can you talk about the meaning of that change?

CC: We were discovering in the late 1980's that market share was going to be the determinant of who would survive. So we began to look at all the vehicles to capture market share. To that point in time, technology organizations had direct sales forces exclusively, but once there was an awareness that market share was really the key, the question became, "How do we surround the market?" So we would look to alternate channels to surround the market.

We would look at system integrators who were responsible, in some cases, for recommending solutions or implementing solutions. It quickly became clear to me that Oracle needed to be pro-active in soliciting relationships with influencers. So I recommended to Larry that I take over a position called, "Vice President of Strategic Relationships," and I would promote PeopleSoft to the influencers, to the hardware companies, to the distributors. I think at one time we had 6 different channels of distribution to the market, all with the objective of capturing market share.

DSM: It obviously worked pretty well. Is there a particularly gratifying moment, a close, a contract, a relationship established that is a particularly gratifying story to you?

CC: I think I've had a career of gratifying stories.

The Clint Eastwood of Software

DSM: I'm going to ask a question on one side of your reputation, as it were. Where do you think you got the reputation for being the Clint Eastwood of software?

CC: I think we're a product of our environment, and if you are in an environment of ruthless competition where success is rewarded lavishly, and failure is punished brutally, where two failures in a row are grounds for dismissal, you become a product of that environment. You become somebody who is an ultra-competitive player. That places enormous value on the end result, not the means, and judges yourself by your record. That's the person I became, incredibly competitive. I mean I was always competitive but Oracle was probably the organization that cultivated competitiveness from a virtue to an almost extreme behavior. That was where I think the reputation for being ultra-competitive, opportunistic, and unforgiving of failure was probably born, at Oracle.

DSM: We're talking about Oracle where you were Vice President of Sales and Marketing and while all that was going on, in the midst of all this excitement there was the World Wide Web bubbling underneath, when did you first become aware of its potential?

CC: Actually the World Wide Web wasn't born until 1993 and 1994, I had left Oracle by the time the Web had become a phenomenon. However, I had joined a company in Santa Cruz, California that promoted TCP/IP as a ubiquitous protocol for connecting computers, over the Internet. This was TGV Software.

I believed that the interconnection and the intercommunication between computers represented an enormous value and so I went down to become President of a company of 40 people, mostly scientists that licensed this IP protocol for use on computers. Anything you could do on a web browser, you could do prior to a web browser, but it took lines of commands to do it. Browsers enabled you to do the same thing by positioning a mouse over a word that was blue and underlined, clicking and navigating over to the computer, and the information that was located anywhere in the world. So that transformed the Internet from a scientific and business tool to a consumer tool. It opened up the use of the Internet for consumer uses. And beginning in 1993 or 1994, it has meant a rapid acceleration in the adoption of the Internet for consumer use, and now business use once again.

DSM: So while you worked at Oracle, the ARPANET/DARPANET had really not been a factor?

CC: No.

DSM: Could you tell us why you left Oracle and how that transition came about?

CC: I had been at Oracle for almost 8 years, 7 years and 9 months. I had a wonderful career. I had done many, many interesting things that were very successful. The company was restructuring its senior management. Ray Lane had joined the company, in a senior capacity, and Ray and I looked at each other and concluded that one of us was probably redundant to the cause.

The Turnaround Specialist

DSM: You were with TGV for 4 years and then on to One Touch. Tell us about that.

CC: One Touch was in the area of interactive broadcasting and interactive broadcasting was the ability to reach out through video and audio to an audience anywhere in the world, and have them respond back, either through the video or just audio, or both. This was the application of broadband networks to business uses. It was essentially interactive conferencing on steroids because now you had all the benefits of video conferencing except you could have 7,000 participants, not 25, of 7,000 participants at any given time. Instead of talking, you could interact via the keyboard. You could give people tests. You could, in the middle of a discussion, ask them some questions and they could respond on their keyboards. They could move their mouse and the leader of the conference could see it.

So this was a very exciting area, but the company was also in a turnaround situation. The company had gone from $19 million a year to $4 million. At the time I thought that would be a good thing to do. I didn't realize how hard turnarounds are. They are enormously difficult. By the time a company brings you in as a turnaround, you can be sure of one thing, they should have done it about a year and a half earlier.

Doing Business During the Dot-Com Era

DSM: Please talk about what it was like to talk about doing business in the era of the rise of the Dot-com.

CC: In 1998 and 1999, start-up companies associated with the Internet could go public with no revenue, therefore no profit, and in many cases, no customers. This was not an uncommon anomaly; this was the order of the day. This was happening every single week, and it flew in the face of everything you were ever led to believe about business.

I remember the day that I joined PeopleSoft, a friend of mine asked, "Why would anybody in their right mind join PeopleSoft when they could join a Dot-com?"

This was in 1999. So dot-com mania, people being drained away from older, established companies, like PeopleSoft. I spoke at a Business Week CEO conference in 1999. This conference was about the "Age of the Internet" and how it was going to affect your business.

There were about 150 CEOs, mostly of brick and mortar companies, and on the agenda were 28-year-old founders of Internet companies. These late 20's founders of start-up dot-coms said to this elite group of the United State's best CEOs, "If you don't understand that one of us is going to put you out of business, you don't get it." And, "If you don't understand why our market cap is higher than yours, you don't get it." This phraseology, "You don't get it," was pretty prevalent in 1999 if you recall. "You don't get it," was the ultimate putdown. It was a combination of you weren't smart enough, and you weren't modern enough to understand how the world works. And the reaction of these CEOs, Business Week personally invited CEOs, at the Waldorf Astoria in New York, was fear that these people were right. And that's how I remember the age of the dot-coms.

Joining PeopleSoft

DSM: Ah, so just as this was reaching the height of its frenzy, you sold One Touch. Did you meet George Still, and did that relationship build after One Touch?

CC: After I sold One Touch I was being recruited heavily. I had successfully turned around the company, which made the venture community very attracted to me. I mostly didn't want to interview for most of these companies, but one of them was intriguing enough that I went to an interview and about 45 minutes into it, I turned to George Still and I said, "You know George, I'm just not up to doing another small company start-up. What I would really like to do is join the major leagues to show that I can play in the same game that Bill Gates plays in, that Larry Ellison plays in, that Ken Olsen plays in." He said, "Well it turns out that I'm on the board of People Soft."

The founder of PeopleSoft, Dave Duffield, at the age of 59, wanted to retire and the board was looking for Dave Duffield's successor. They had been looking for 9 months. So he said, "If you would like to meet Dave Duffield, I would be happy to introduce you." That's how I met Dave Duffield.

DSM: So the first time you met Dave Duffield was when George Still introduced you?

CC: Yes.

DSM: Tell me about that first meeting.

CC: Dave came down and met me in the lobby. He was dressed in shorts.

DSM: You're just alike.

CC: We're perfectly alike. He wore shorts to work, and I wear shorts to swim. He came down and he was wearing shorts and a Hawaiian shirt. Probably I dressed down for the occasion because I knew his reputation. So I was probably wearing a sweater and a tie instead of a suit and a tie.

Although his experience in business and my experience in business could not have been more diametrically opposed, we had the same view of business. His experience in business was, make the best product and treat customers the best, and the financial side of business will take care of itself, the market share will come. Just code the best product and have the highest customer satisfaction. My background was, market share at any cost, never lose a deal. Do whatever it takes to win, and never lose sight of the financial side of your business, never.

Yet we met in the middle with a great love of technology, with a great caring for the culture that you develop, with a commitment to the satisfaction of customers. So, with one of the great complimentary relationships, PeopleSoft under Craig Conway was born.

DSM: There were a lot of details that needed attention. Can you tell us about the major things that needed attention?

CC: First of all PeopleSoft was a remarkably successful company. It was not a company that was broken up on the rocks having run aground. This is a company that had grown 80% a year for 10 years before it had flat revenues. This is a company that was envied, always as having the best technology. A company that measured its customer satisfaction by how many points above 90 points it was. So this was a wonderfully successful company, but it was also a company that had flattened, in top line revenue growth and its earning had gone to zero. It was not ever unprofitable, but it had zero earnings.

When I came into the company there was a significant number of fundamental business practices totally absent.

We did not have a budget. There was no head count plan. If you wanted to hire people, you hired people. There was no collections department. The company had never sent out a dunning letter. So there were customers who had never paid their bills in 3 years, to whom we still supported and shipped additional products to. This was a company that had no approval matrix. So the sales organization could discount as low as they felt they had to discount with no approval authority whatsoever. Contracts were signed by whoever took the deal in the field.

So it was a rich environment to improve the fundamental business practices, and one in which any improvement in any one of those areas yielded an immediate positive effect. So PeopleSoft almost immediately began to show signs of financial health, long before we accomplished anything significant in the product line, just through addressing clear and fundamental business practices.

DSM: So you walked in the door, loved Dave Duffield, and had an incredible opportunity to play with a major league company. I guess in 1998 PeopleSoft were at the top of the software business. So you began to interview senior VPs, department heads, and then you had a staff meeting. I want you to talk about this 14-hour staff meeting that you had. What did you think you were going to do before you went in?

CC: I knew enough from running a turnaround that the first thing you have to do when you join a company that faced adversity was to do an inventory, an inventory of product issues, and an inventory of the people issues. So I did an inventory of the issues; people, product and process. After 30 to 60 days of immersing myself in people, products and process, I assembled the senior management team and I said, "Let me parrot back to you what I have heard from talking to employees and from talking to the customers and from observing myself. And correct me if I'm wrong, and if I'm right but not seeing the complete, total issue, enlarge on it for me. But the purpose of this meeting is have a complete autopsy of this company."

DSM: Tell what happened when this was over.

CC: I thought there was a sigh of relief at the end of that meeting, that this new CEO understands all of the issues; that he is soliciting as much bad news as he can, that there have been attempts to get everything on the table, and that we collectively in this room will own the success of this company based on the ability to overcome these issues.

After that meeting we decided to schedule a three-day meeting to go back through the issues, and come up with a plan to address them. We flew down to Los Angeles, California. We locked ourselves in a hotel for three days from 8 in the morning until 11 at night, each day for 3 days. We dissected each issue and designed an approach, which we thought would address the issue.

DSM: How long do you think it took before they realized that the problems really were addressable? How long and how terrifying was it?

CC: Most of them never did, because most of them left. The story would have a great ending if the people in that room galvanized as a team, overcame adversity, drove the stock up to $50 a share, and shared the journey day by day together. That doesn't happen to be reality. Many of them either lost faith or the greed of the dot-com attraction overcame them, and left.

DSM: How many people did you lose?

CC: In terms of the senior management team, ultimately all but a couple left the company. Either because the journey became rocky, the outcome became less assured, or they were recruited heavily to an opportunity that seemed to be too good to pass up. You remember in 1999, PeopleSoft was losing an enormous amount of employees. We were on the speed dial of every recruiter in the country. We were an old company with a reputation for very dedicated, talented employees, whose stock value had been under pressure, and so we were prime recruiting ground. Forget the senior management, we were losing people every day. Not every day figuratively, I mean every day literally.

A good day PeopleSoft in 1999 was one in which I went to my car that evening to drive home and we had not lost a VP or a Director. That was a good day, and there were very few. So there was a huge turnover of senior talent. In 1999, there was double or triple title inflation. If you were a modestly successful director at a company like PeopleSoft, you could be the CEO of a dot-com, CEO. People that should have known better, that were smarter and clearer thinkers, eventually succumbed to dot-com madness, because everybody else was getting rich. And even though it didn't make sense, they were going to try to do that as well. So retaining employees and recruiting employees was the number one issue I faced when I came into the company.

Playing in the Major Leagues

DSM: In the midst of this you were able to recruit some top-notch people, tell us about some of the people you recruited that came to work for you that really made a difference.

CC: I think as a CEO, there is nothing more gratifying than the team that you recruit. Your life as a CEO is a daily combination of successes and failures, weaknesses and strengths, unpleasant surprises and pleasant surprises. There's never a smooth ride as a CEO, even within the same day. So successes are daily occurrences and so are failures. So you tend to see the lasting value you have created, and the things that transcend each day, each week and each month, and that's the management team. The quality of the management team is something that you can take enormous credit for, and take an enormous amount of gratification for creating.

I recruited people into the company that were, first of all, in my own image. People that had had successes in their career, that had faced failure in their career, had overcome odds in their career. People that enjoyed playing the game at the level of the major league. People that were mature, people that were experienced, people that had a great sense of competitiveness, but didn't take themselves too seriously, and I today think that PeopleSoft has one of the strongest management team of any software company that I know.

DSM: Who was your first major hire in this process?

CC: There was an entire team that came in at about the same time. Some of the people that I recruited early were the executive Vice President of product and technology, a fellow named Rom Gupta, who was 36 or 37 years old at the time had never run an organization as large as PeopleSoft. As a matter of fact he had run a development organization 10% the size of PeopleSoft's development organization, but he was a person who had never failed at anything in his life, a person who has enormous reservoirs of strength and resiliency, whose IQ was so many integers higher than mine, I don't even want to contemplate it. A bright, bright fellow, and he came on board to take over for products and technology, after the prior executive vice president was lured into a dot-com right in the middle of a product development cycle.

I recruited a chief financial officer, a man named Kevin Parker from Aspect Telecommunications that was, like myself, from a middle class background, that had joined companies along the way, helped make them successful, knew what it felt like to win, knew what it felt like to lose, and had a great appreciation for creating a world class company. I recruited a chief marketing officer to the company named Nancy Caldwell, who is one of the strongest marketing people I've ever met in my life. I recruited a General Counsel to the company who had been a general counsel for companies of our size, a tremendous legal mind and talent. So really the entire management team to a person is somebody that I recruited and take great pride in.

DSM: Also, not only do you believe in recruiting good people and keeping them, you don't mind re-recruiting people as well. You also believe in the "Sunday Club," tell us about that.

CC: Well, the Sunday Club was actually a name that one of the senior management team gave the collection of executives that always seemed to run into each other on Sundays, working, at the company. During the first two years of my tenure at PeopleSoft, I worked every weekend without exception, not because I considered myself or my management team workaholics, there was just a lot to do. One of the characteristics is an awareness that great things happen to companies that work hard.

Betting the Future with PeopleSoft8

DSM: It's been said that when you decided to focus on the Web, you really bet that as the future of the company. Tell the story about the total concentration on what was to become PeopleSoft 8.

CC: I had run a company that coded the TCP/IP protocol and made that available for use by companies to interconnect computers over the Internet. I knew one thing when I joined PeopleSoft, and that was our product did not run in a native, Internet mode. The good news was neither did anyone else's. Oracle, SAP and PeopleSoft all claimed to have an Internet version of products and none of them did. So I felt that if the Internet truly represented a leap ahead in productivity for companies that wanted to use it for enterprise applications, that we would have to come out with a pure Internet architecture, and that was going to take a total rewrite of the product.

DSM: PeopleSoft8 premiered in September of…

CC: PeopleSoft8 premiered in September of 2000, which is when we introduced the product. We shipped the product in September 2000, but shipped a better product in January of 2001, and it became an immediate success in the marketplace.

DSM: When did you know that the gamble had paid off?

CC: I unveiled PeopleSoft 8 in New York City to a group of three or 400 industry analysts, investment analysts and press in July of 2000. I knew at the time that this next generation of enterprise applications was going to be a tremendous success, because it was a generation that did not have any code whatsoever on the clients. All of the enterprise applications code resided on the server. There were enormous benefits; lower costs, it was much easier to use, it allowed access from anywhere in the world at any time, access from any Web device, not just a PC but a Palm Pilot or pager, a Blackberry, or a Windows CE device.

Lastly, the productivity gains from a pure Internet approach to enterprise applications were staggering, and I knew in July of 2000 that this was a leap of technology unlike anything enterprise applications companies had seen for ten years ever since client server. At that moment in time it was confirmed by the reaction from industry analysts and investment analysts and the press, and it was almost immediately adopted by customers around the world. That has really been the momentum behind PeopleSoft's return to leadership.

DSM: And all over the world is something I want to come to. There really has been a profound change in PeopleSoft's business that is done outside the United States, can you tell me about that?

CC: When I joined PeopleSoft, PeopleSoft only did 17% of its revenue outside the United States, 17%. For a technology company of over $1 billion, that was an alarmingly low number. Any company of any magnitude in the technology business should be doing 40, 50% of its business outside the United States because the market for technology is bigger outside the United States than within.

My goal at PeopleSoft was to have PeopleSoft do 40% of its business outside the United States within 3 years, and we did that within 18 months. Today we do 40 to 45% of our business outside the United States, and that has truly made us a global provider.

DSM: Your goal for the future I have heard described as "5 by 5," is that right?

CC: The goal for the company is $5 billion by 2005, and we have every confidence in the world that we will achieve that. It's really been a galvanizing force in employees to keep that imagery as their guiding light.

DSM: Right now I would like to take you up on your kind offer to talk about your wife and family. Can you talk about how you met your wife?

"Inside" Craig Conway: Origins, Honor & Innovation

CC: I've been married for 22 years this year. I met my wife in Chicago when I was an applications consultant for Tymeshare, making $14,000 a year, and spending more than $14,000 a year. My wife has been my greatest supporter, the person who has believed in me the most, and the person who has stood by me for the last 24 years.

We came to California together. She was a career woman herself, who stopped working about 12 years ago when we started a family. We have 2 children, a girl and a boy, and she has since established a charitable foundation, which she runs. It reflects her two loves; one is children, and the second one is the outdoors, particularly marine biology. She has a charitable foundation, which arranges for low-income children that cannot afford to go on field trips, to take them to the ocean, and to introduce them to marine biology; octopuses, clams and shells and such things. In many cases these kids have never seen the ocean in their life, and they live 30 minutes from the ocean and so it's a wonderful thing.

DSM: One of the questions I ask nearly everyone I interview is about honor, what is it? Some say it's personal integrity, being true to yourself. Some define it as a debt you pay to someone you have a lot of respect for. Some say it's something you are born with and it is yours to lose. Is there a person in history or from your own life, or literature that immediately comes to mind when you think of a person of real honor or integrity? Where do you think it comes from?

CC: I would suspect that most people of honor would credit their parents for instilling it, because I think it is a quality that is deeply a part of who you are, your make up, and I think your parents made you up. I think your parents influenced your quality and skills throughout your life. So I think honor is a sense of truth that you know to be the right thing, and a sense of courage to live by it no matter how awkward, no matter how difficult, or no matter what the consequences.

DSM: Your Mom is still alive, are there any stories she would tell about you?

CC: There's not enough videotape in the world to record all the stories my mother would tell about me, and I wouldn't wish that on my worst enemy.

DSM: What's her favorite?

CC: I'm sure it has something to do with my drive at a very early age to be a successful person whether it was selling greeting cards door to door, or seeds, or collecting people's soft drink bottle to get the deposits back. I'm sure she would tell some story; washing cars or mowing lawns at the age of 7 or 8 years old; I'm sure it would be something like that.

DSM: I want to ask you about the roots of innovation. You work with some of the most innovative people in the world, where do you think it comes from?

CC: I think innovation comes from the intersection of passion, with creativity. When passion intersects creativity, innovation results, in anything, technology, the arts, or the social sciences. If there was a key to success in life, I'm convinced it would be passion. Human beings are in a remarkably narrow band of intelligence. They vary from person to person by 5 points, maybe 10. One out of 100 people has an IQ 20 points higher than anyone else. The thing that separates successful people from unsuccessful people is passion. I think when passion meets creativity there is genuine innovation that results.

DSM: When this program was founded in 1988, 1989, the Berlin Wall was coming down, the Cold War was coming to an end, world peace was on the verge of breaking out and all mankind was going to live in harmony, in large part, we thought, as an impact of this technology. We may have been a little more optimistic than we thought. What do you see as the future of this information technology revolution, where is it going, really?

CC: I think technology is really just getting started. I think there's a tendency to look back as some of the innovations as having a greater magnitude than we will ever see again, but having been in the industry now 26, almost 27 years, I can remember saying that every 10 years.

When the mini-computer took the place of mainframe computers, it fundamentally transformed the world. And then when PCs were introduced, there was a sense that technology had done something of a greater magnitude than we would ever see again in the world. And then people said the same thing with the Internet. One thing is for sure, that each of those innovations was more profound than the last one. And I'm confident that 10 years from now, we'll look back, having seen another major innovation much greater than the Internet. That is something I believe completely.

DSM: You're going to be honored in June with some amazing people; speaking of the Internet, Vint Cerf being one of them, and this interview is being recorded for, we hope, future generations and graduate students 200, 300 years from now, let me close with a tough question. Someone looking back at this time from a perspective of 300, 500, 1,000 years, how would you like for your role in this revolution to be remembered?

CC: I would, I hope people look at Craig Conway as somebody that was first and foremost, passionate, completely engaged in the development of an industry, whose motivations were the sheer joy of doing something that had never been done before, at the same time, someone that was tremendously committed to his family. Somebody once said that no one can do more than two things well, one of them for me was technology, and the other one for me was my family. That's how I hope people remember me.

DSM: Your passion is obvious and I'm honored to have had this opportunity to talk with you. Thank you.

CC: Thank you, I appreciate it.