

STRATTON SCLAVOS

ORAL HISTORY

COMPUTERWORLD HONORS PROGRAM
INTERNATIONAL ARCHIVES

Transcript of a Video History Interview with Stratton Sclavos
President & CEO, VeriSign, Inc.

Recipient of the 2001 Morgan Stanley Leadership Award for Global
Commerce

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Executive Director, Computerworld Honors Program

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Growing up in Sunset

DSM: We're interviewing SS: the President and CEO of VeriSign Incorporated, who will be recognized by the Computerworld Honors Program in June of this year as the recipient of the 2001 Morgan Stanley Leadership Award for his role in the effective application of information technology in the service of global commerce. He joins Michael Dell of Dell Computers and Steve Case of AOL and Time Warner as recipients of this award.

This interview is taking place at the headquarters of VeriSign Incorporated in Mountain View, California. This Oral History is made possible by a generous grant from Morgan Stanley and will become part of a collection of such video biographies of the leaders of the information technology revolution, begun in 1988-89 by the Smithsonian Institution's National Museum of American History, and now distributed annually to research collections in more than 140 museums, libraries, universities and research institutions in 46 countries on 6 continents around the world, and will of course be made available in excerpt form on the World Wide Web.

Without objection, this interview will become part of the public record and available for scholarly and non-commercial use without special permission throughout the world. But that condition only applies after review and approval of the interview transcript by Mr. Sclavos himself. Until that time this conversation is private, and all or part of it may be embargoed for up to 25 years at the request of Mr. Sclavos. All persons in this room by their presence assume the professional and legal responsibilities and are honor bound to respect these terms. If all are in agreement, there not having been a mass exodus from the room, we shall assume that we are.

DSM: Let's begin at the beginning. If you will just state your name and title for the record and tell me when and where you were born.

SS: Sure, I'm Stratton Sclavos. I was born in 1961, in San Francisco, California.

DSM: And tell me about your parents.

SS: Well, my parents were both themselves the son and daughter of Greek immigrants on both sides. I think both their grandparents came into the States in the very early 1900's. So both parents kind of were raised as I guess what would be first generation here in the U.S.; one on the west coast, one on the east coast; New York and California. And both were very hard workers in their own right, my Mom was an assistant for Standard Oil at the time, and my Dad in the liquor business.

DSM: Did you ever know your Grandparents?

SS: In fact we lived with my grandparents, my maternal grandparents most of my childhood and adolescence until I think my grandfather died when he was 93, in 1981. My grandmother died shortly thereafter. Spent a good amount of time with them.

DSM: Did you speak Greek at home?

SS: They spoke Greek with us and we answered back in English. So my understanding of it is pretty good but my speaking of it is terrible.

DSM: How about brothers, sisters?

SS: I have one brother. He's about 16 months older than I am, Steve. We grew up very close, a lot of sibling rivalry early on and a lot of camaraderie later years, especially through sports and other activities.

DSM: Steve is an older brother.

SS: He's an older brother.

DSM: How much older?

SS: 16 months

DSM: So you were very close, understandable. So did you grow up in San Francisco pretty much?

SS: I grew up in San Francisco until I went away to college when I was 16, and in fact really did live with my grandparents because my father died when we were very young. I think I was 8 and my brother 9. And so we lived with them and my mother, who was a single working mother, through most of the 1970's and 80's.

DSM: This is going to be seen by graduate students and scholars we hope 300 years from now, who are going to have no clue what it was like growing up in San Francisco and being a ten-year-old kid in a wonderful town. What was it like in your early years?

SS: We lived in a district called the Sunset district, which by its name is probably the most misleading designation of an area within a city that there can be, because if there was sun within the Sunset district, then the entire peninsula and probably all of California were sunny. It was always fogged in. Occasionally you would get a nice glimpse of the Golden Gate Bridge and the rest. But the city was, as most large cities in the 1960's were, you know, vibrant, a lot of public transportation, a lot of people hustling and bustling around. We always took public transportation places. We always were very comfortable walking to school or riding to school on a public bus, not even on a school bus. Seemed to be a very comfortable time.

DSM: Lots of kids in the neighborhoods?

SS: Lots of kids in the neighborhood. You know we were never sitting at home watching TV after school. We were always in the 'alley' as we called it. Half a block away there was an alley with a basket on a garage and we were playing basketball probably 3,4 hours a day and then going home.

DSM: Now who got you into playing basketball, I understand it's a passion of yours?

SS: It is, and it's kind of an ironic twist. My father was a huge baseball fan, Brooklyn Dodgers, and then as they moved out to Los Angeles. And up until the time of his death, we were baseball players, my brother and I. He'd take us to the park and we'd uh, swing away. Unfortunately when he passed away in 1968, it really left a void for us which my mother's brother, Steve Balcher stepped in and filled. He was a basketball player. He in fact, had been part of the University of San Francisco teams that had won the NCAA championships in the 1960's. So Uncle Steve would take us down to the Junior High where he was a teacher, and from then on we were basketball players, we shot baskets.

DSM: That's extraordinary. Early friends, rivals?

SS: There were a lot of kids in the neighborhood that we grew up playing with. I mean it really was a time, a different time when kids were out playing in the streets until all hours, right? 6 or 7 o'clock at night, there was no concern about riding your bike half a mile, a mile away. Even when we were in 3rd, 4th, 5th grade we would go down to the liquor store to buy a candy bar with all our friends. No concern about going out at Halloween, all of us. So lots of friends in the neighborhood at that point.

DSM: First school, did you have to go to Greek school? My best friend is Greek, and he *did* go.

SS: Well, you know, we didn't and I think this is one of these generation-skipping things. If your parents had to do something like that, they tend to never want to make their kids do it. And my Mom who had certainly gone through Greek school growing up in San Francisco, didn't feel the need for us to go. But the first school we went to was an elementary school called West Portal. Named after the little district it was in, in the city and can remember it pretty fondly.

Star Trek and Veterinary Science

DSM: Did you learn to read when you went to school, or did you know before?

SS: You know it's one of the nice things about having had the grandparents at home; while my brother went away to kindergarten and first grade and I was still at home, they would help me. Because he'd come home, and I always wanted to pretend like I was in school too, so they'd help me start to read, learn to tie my shoes, all those things prior to getting there. But I remember starting to get good at that as we get into kindergarten and first grade.

DSM: We're talking about grammar school, early school experiences and learning how to read. You later on became an electrical engineer and a computer science specialist, when did you notice your abilities in mathematics?

SS: Probably pretty early on. Always fascinated by science, always fascinated by science fiction. My brother and I would sit in front of the TV and watch Star Trek, the first real version of Star Trek in the late 1960's and that's where kind of the fascination with things scientific came. Although to be honest with you most of my adolescence I thought I was going to be a veterinarian.

DSM: Now why, why is this?

SS: Just a huge love for animals, whether it was dogs or horses or anything between.

DSM: Did you have a dog when you were growing up?

SS: Actually we had a dog when I grew up, for a little while. But because of where we lived in the city and the rest, we ended up giving it away. But always stuck with me, and I chose my college, UC Davis, early on because of its veterinarian school. And then as I decided to change my focus a little bit, I kept the college and went into engineering.

“Always in a Hurry”

DSM: So grammar school in school in San Francisco, and then you went to High School in about 1976?

SS: Probably actually about 1974; I graduated in 78’.

DSM: And you graduated very early?

SS: I did. I did. I was always in a hurry. And a lot of that I think stemmed from, I think, trying to catch up to my brother in many of these things. That had to put a lot of pressure on him, put a lot of pressure on myself. But I skipped 4th grade as it turned out, so that put me kind of a year behind in age of everybody else. So going into high school, I think I was probably only 13.

DSM: Was that hard?

SS: You know at the time, it didn’t seem hard. It was always, you play up to the level of your competition, has always been something we find. So I think that’s true in sports, I think that’s also true in life. So you’re surrounded by folks at a certain level, and you tend to fit in well with that.

DSM: You were only a year behind your brother then?

SS: That’s right. I ended up being a year behind my brother and again, we both played basketball, so we were both on the same team.

DSM: That always helps. Teachers that made a difference that you can remember?

SS: Lots of teachers throughout the early years. Miss Zellinsky my 3rd grade teacher, who taught us how to write and gave us our first pens. The folks who really helped you move forward much more quickly were the ones that, if you were able to take on more work, they would give it to you and help you through it. I also remember Mrs. Garcia as well from 6th grade.

At that time, the interesting thing in San Francisco in the late 1960's was that it was the first time that they started to do busing of the kids. So all the way through 5th grade I was at West Portal, it was probably blocks from my house. My brother and I would walk there every morning. He went on to junior high, but in 6th grade I got bused to a new school for the first time. Had to take the public transportation, different neighborhood, different friends. And so really it was the teachers in that school, like my teacher in the 6th grade, that helped you through that first year of doing it.

DSM: So the first President I guess you remember is who, I guess Richard Nixon was president about that time?

SS: Richard Nixon was President, I certainly remember him. I remember the early 1960's from my parents talking about the Kennedys, both generations of Kennedys. I can remember being in school when some of those unfortunate incidents occurred.

DSM: All right, you played basketball in high school, were you on the basketball team all 4 years?

SS: I was on the basketball team, and our high school at that time was 3 years, 10th, 11th, 12th grade. Played all three years, junior varsity and then varsity. And really, you know that's when I think you started to get the sense of the camaraderie and the teamwork that you can achieve things. We were a school in San Francisco, a public high school in an area that attracted an upper-middle class type of kid. It was also the academic public high school, so you actually had to have a certain grade point to go there. So sports were not always Lowell High School's number one endeavor, but throughout my three years there we actually did better and better.

DSM: What about heroes, role models when you were in High School? Is there somebody you particularly looked up to either fictional or real?

SS: You know it's funny; it all really revolved around sports. I don't know why that's such a recurrent theme, but whether it was Willie Mays and Willie McCovey and the San Francisco Giants in the 60's, or it was Rick Barry and the Golden State Warriors in the 70's. That's what we lived for, to see those heroes succeed.

Getting into "This Thing Called Computers"

DSM: What's the first computer that you had that was more or less your own?

SS: Probably my first job at a place called Megatest here in Silicon Valley. We did semi-conductor test equipment, which seems like an arcane endeavor but because the companies like Intel and AMD and others at that time, LSI Logic, were just introducing their microprocessors for the first time. PC's were just coming into vogue in the early 1980's with the IBM PC and then Compaq, and we got to talk to all the chip companies. So we tended to live vicariously through what they were doing, and the first machine we all got was a Macintosh, the one with no internal hard disk. It had the floppy you had to plug in to load and go from there.

DSM: We'll talk a little later about the relationship you had with the folks at Apple, but how did you hear about Cal Davis? That's a really interesting good school, known primarily as you said, especially in those days, as an agricultural school.

SS: Right, it really was in line with the idea of becoming a veterinarian. So I had done a little bit of research with friends and family as to where the veterinarian, veterinary schools were and Davis' grad school for that is obviously thought of very highly. So I thought, "Well why not for undergrad?" Probably it was the end of my Sophomore, early Junior year I said, "You know I'm not sure I really want that as a long term vocation." You know the love of animals is still there, we have our golden retriever now, but I thought I would probably be better served in something around math and science.

The funny part of it was there were no computer science degrees when I entered UC Davis. When you went and said, "Well how do I get into this thing called computers?" They said, "Well, you have to go to the electrical engineering department, and you have to learn to design circuits and build computers." Within 2 or 3 years after I got to Davis they introduced Computer Science out of the math department, but we stuck with it in engineering.

DSM: Are there teachers or professors at UC Davis that led you along this path, or made a difference in your life?

SS: You know, really it's funny because once again, getting into Davis I thought, "Well, let's see if we can't overachieve here." So the first quarter there I was taking chemistry and we were taking Fortran programming. I walked into these classes that were for the most part, upperclassmen, and really had a situation where the first day there, I was scared to death. I understood nothing the professor said, in either the chemistry or the computer class. And you walk back to the dormitories with some of the folks you met and you're all looking at each other wide-eyed like, "Uh-oh, do we really belong here?" Obviously that passes and you get over that fear, and a couple of weeks later we were right into it.

DSM: Roommates?

SS: Yes. The interesting story is that within 12 minutes of being in the dorms of UC Davis, I met a man named Rob O'Hara. And within 13 minutes, a guy named Jim Irwin and a few others, Jim Mc Mahon, Greg Eiserville. For the next three and a half years we were all inseparable; just amazing, dormitories, apartments together, and still to this day trips together, boys' weekends off and things.

DSM: Anything particular you remember about your career at Cal Davis?

SS: It's a tough school, and engineering is a tough curriculum. I think we had out of my entire three and a half years there, maybe 8 elective units that we could use out of whatever it was to graduate. But it always seemed like we were having fun. Whether it was the fraternity and sorority parties that all of us would go to or the rest. Some of the funnier stories were the fact that these 8 guys who lived in the two apartments, the guys I just mentioned, literally would go en masse to sorority dances. Either none of us would go or all of us would go. There was just no in-between.

So we kind of got the reputation as the gang that would go along to all of these dances, just a lot of nonsense from those days that everybody has.

DSM: This is also about the time that people are getting cars or learning to drive. Tell me about learning to drive in San Francisco and the first car you had.

SS: Well learning to drive, again was one of those things that you couldn't wait to do. So of course like every other 15-and-a-half-year-old, you got your learner's permit that exact day and then on your birthday, or down at the DMV. San Francisco is a hilly place and we lived in an area that was probably the worst in San Francisco for the hills. So most of that was you know, driving my Mom's car up and down these hills and to school and the rest. It was a pretty easy automatic, not a big deal.

DSM: Did your brother teach you, or your Mom?

SS: Well, actually schools at that time were really the only place that you could learn. Later I learned to drive a stick shift with friends from school, Dave Schimmons, Jeff Trimmer. We would do it in the parking lot, and it was quite comical.

Choosing T-Shirts, Jeans & Megatest

DSM: You graduated from Cal-Davis in what, 1981, 1982'?

SS: Graduated December of 1981, a couple of quarters early.

DSM: So again, as a young man, you go to work for Megatest. Now how did you find them, or did they find you?

SS: You go all the way through engineering school thinking you're going to come out and be a great engineer, and I did pretty well in engineering classes. Rob O'Hara who was my roommate at the time, we both were in the engineering curriculum. So we kind of shared the war stories and thoughts of what we were going to do.

In 1980, and 1981, if you were a chemical engineer or an electrical engineer you probably were going to get a lot of job offers. As long as you could make it through the curriculum, you were going to get a lot of job offers. I think I had 23 interviews during the campus recruiting. I received offers from 20 companies. There were a lot of large companies. There were a lot of the defense contractors from Los Angeles, the Mc Donnell Douglasses', the Hughes' and the rest. There was only one private start-up called Megatest. Their recruiters came to school in t-shirts and jeans, whereas the other guys were all in suits and ties. I was raised in a fairly strict household, went to Greek Orthodox Church, all those things. So the t-shirts and jeans weren't all that attractive to me, but what they told me that was attractive was that they were going to let me go into marketing. They were going to let me try my hand, use my technical background, but be talking to customers, and be kind of in front of all the marketing and sales activities. Whereas all the other 19 offers wanted me to be a design engineer. And I can't tell you whether it was the fact that I knew I would be a bad design engineer, or the fact that I was going to be a decent marketer that led me to Megatest, but that was the reason.

DSM: It's clear that somewhere along the line, an electrical engineer, a computer science major, made this transition into sales. So is it at Megatest that you met a mentor or teacher because this is an entirely different way of thinking from engineering?

SS: Well, I walked into Megatest and my first boss was a man named Yinsom Wu (sp?). I was brought in as a product-marketing engineer, which meant I had to go learn what the products did from the engineers and then go build data sheets and sales presentations for the sales force and go talk to some customers. Well within about 4 weeks of me being there, he resigned. So they gave me his job.

DSM: Now how big was Megatest at this time?

SS: Oh, Megatest was 120 people and probably 10,12, 14 million dollars in revenue, but very successful. It was started by an Australian entrepreneur Steve Bisset. He came to America, went to Cal-Tech, met Howard Marshall and the two of them built this company literally bootstrapping it, building the first machines with their own hands and soldering irons, selling them to Intel and then bootstrapping from there.

DSM: So you've been with Yinsom Wu for what, about 4 weeks?

SS: About 4 weeks before he told me he was leaving.

DSM: So you were given his account list and told...?

SS: Well, instead of a Product Marketing Engineer, I was now Product Marketing Manager. You know, clearly I had a lot of experience to do that 4 weeks later. (Laughs)

DSM: How many people were working under you up until that point?

SS: Until that point no one. In fact I was my own employee and worked in an area that was a side-light of the company, something they called "bubble memory testers." And way back in the early 80's there were DRAMS and SRAMS, all the random access memories, but the capacities of them were very small, 4K, 16K. Right now we're talking about 4MG and 16MG, but the chips then were very small. So scientists were looking for a different way to do it, and bubble memories was actually a very different technology. As it turns out they were much higher capacity, a megabyte even, and 4 megabytes in the early 1980's was too hard to manufacture, too hard to test. So that's what we were building machines to do, and for the first 2 years that's where I was involved.

Frankly one of the earliest and hardest business decisions I would say that I made was 2 years later to go into Steve Bisset and Howard Marshall and say, "We need to shut this business down. There are just not enough customers for it worldwide." And I think that those are the things in my career that I learned the most from was, when things weren't going right, an ability to cut, see your way through, and learn from it so you either don't repeat a mistake, or you learn to recognize that a market may not materialize.

DSM: So what did you do after you advised them to shut that down. What did you do at Megatest?

SS: As you can probably tell, I love to be in the mainstream of things. There was a secret project Megatest had that was going to be the tester to kill all other testers. It was going to be this machine that could really deal with what was called BLSI technology. We were at a time when chips were moving from 10,000 GIGS (gates?) to 100,000 gates and this BLSI (VLSI) chips were promising 1,000,000 gates, the 386 microprocessor from Intel being one of the first. We had to build a completely new test machine to prove that those chips worked. The ironic thing about test equipment is, you have to build a machine to test tomorrow's chips using today's technology. So it ends up being where you're always disadvantaged because you can't use the latest technology. We did that, and it was the super project we called the 'MegaOne.' And I became the marketing manager for the MegaOne as we introduced it.

DSM: Now is there a sale or a deal that you did while you were at Megatest that really told you, "I'm in the right place?"

SS: Yes. I think that I had received good recognition from the sales force there over the course of my years, that said I was a good person to have in front of customers, because I could speak technically about the products and close sales. Well as we built the MegaOne, it was going to be a machine that changed the complexion of the company dramatically. We were used to selling 50-thousand dollar pieces of equipment.

The first MegaOne sold for 2 and 3 million dollars. I mean this was big capital equipment sales. No one at Megatest had ever done that. So as we launched the product and got it into the marketplace, I transitioned in the sales department and became literally, the sales specialist for these big machines, and probably took the first 20 orders myself.

DSM: Who was the first order?

SS: Data General came to us, very funny story. Word was getting out that we were going to be launching this product somewhere in the 1983 timeframe, and so customers were calling us and asking about it because it was getting some notoriety. So we would invite customers in for some proprietary, confidential disclosures. Well Data General came in at the time and said, "We want to be the first one to get one. Tell us what the price is." We had no pricing at the time. In many ways we made it up on the spot, \$1.9 million. And they said, "Fine." It was a very precise number, and they said fine, that the purchase order would be here the following Monday, and they became the first customer.

DSM: Then you had a major celebration I can well imagine.

SS: Major celebration.

DSM: A while ago you told me how rare Megatest was as a product start up, and how wary some of your family members were.

SS: Again, going to a private company back then, my parents didn't understand, my Mom didn't understand, my brother couldn't figure it out, my aunts and uncles all from the area, didn't understand it either. But as we started to do better and the company was gaining traction, the company allowed us to offer to some of our relatives the ability to buy stock in the company. And my relatives stepped up in full support of me and did so. Unfortunately about 3 years later they were losing money in the stock because of reverse splits and a variety of other things. That was in probably 1982, 1983. Circle forward probably 15 years to VerSign's IPO and the same opportunity I was hoping to extend to my family, and their very sincere wariness about doing that. They were a little less enthusiastic, but of course all of that has worked out for the best.

The First Rocket Ship Ride

DSM: You stayed with Megatest for about 5 years, which by today's standards is a long time.

SS: That's a career in Silicon Valley.

DSM: And then you went to work for MIPS Computer Systems; did you find them or did they find you?

SS: Well, as it turned out there was an individual, Chet Sylvestry who had come to work at Megatest in the kind of mid to late 1980's. I had known Chet from before because I had met my wife at a trade show. Jodie was in the same business. She worked for the big company in testers, Fairchild Semi-Conductors, Fairchild Test Systems and Chet was one of the general managers there. Well we recruited Chet into Megatest several years later, and we had that between us.

Then he left to go off to MIPS Computers to become the vice-president of marketing. And he called me about a year later and asked me to come over and do the customer marketing piece, again, being focused on the sales part of marketing. And so that's how I went over there. It was one of those companies that, and again, I always try to find something that looks like it can be a break-through. It's just fun to work on things that can change an industry, and MIPS was doing a new microprocessor that was going to be faster and better than what Intel was doing, and at probably one-quarter the price and one-quarter the transistors.

DSM: And you were with them in some of the more interesting times in your life as well; first IPO that you went through?

SS: First IPO, that's right. Went there in 1987 when the company was really on a rocket ship ride. The CEO there, Bob Miller, to this day remains a good friend, and learned so much from Bob and Chuck Bosenberg who came in became President of MIPS. They taught me, how it is to grow a company in fast growth times, and in December of 1989 I believe, we had our IPO. By today's standards it may seem small, but at the time we had the highest valued IPO of 1989 for a tech company. We were valued at about \$400 million the day after the IPO. Huge numbers back then.

We also learned a lot about what it takes to run a public company. You get the quarterly focus, you get the always having to beat and raise your estimates and the rest. And one mistake we made there and learned from, is we set a 75% growth rate target one year, but we only grew 50%. By any other measure that's successful, but not in a public view.

DSM: Given the pressures of an IPO, you also started a family.

SS: (Laughs) I also started a family. Why not throw it all into the same bucket? Jodie and I had been dating since 1982, early 1983. Had been together a long time and it was pretty obvious that we were meant for each other and were going to spend the rest of our lives together. So we were married in 1987. Had our son, Nicolas in 1989 and in 1991, our daughter Alexandra. So it all came rather quickly.

DSM: Do your sons and daughters share your loves, or are they very different?

SS: Well I think like most parents you hope and impress upon them to share your loves. Both kids are actually very good athletes, as it turns out good soccer players, good swimmers, good this and that. But both have found a love in basketball as well, and I'm sure there's a little parental pressure there. The most fun I have been having, although I still play myself in various leagues, the most fun I've had in the last year was coaching both of them on their teams.

“If We Build It, Will They Come?”

DSM: So new family, just went through an IPO during the beginning of what I guess would be called the roaring nineties in the technology business. And then you were there for, well you do an IPO then you go through a merger, can you tell us about that?

SS: As always, the term merger is a euphemism for one company being acquired by another, and we were acquired by Silicon Graphics in that time period. SGI had been one of our biggest customers for the MIPS chips, the MIPS computer software. They bought us and were themselves in a very high growth mode. At the time I was offered a very nice position to stay with Silicon Graphics, but through some introductions that Chuck Bosenberg and others had made, ran into a man named Bill Campbell. Bill was relatively famous in Valley kind of culture. He was Kodak executive who had come out to Silicon Valley and ran Apple sales and marketing as they went from a billion to 4 billion. Bill had left to spin out a company called Claris, which was an Apple software company. And a couple of years later when Apple decided to pull it back in, Bill took over the reins of GO Computer a company trying to do something really innovative, build a pen-based computer, a tablet we could write on - the pre-cursors to the Palm. Never going to work, right? (laughs) Met Bill and honestly, just like with Chuck and with Bob Miller before that, here was somebody I knew I would want to work for, learn a tremendous amount from. And we went to GO to change the world.

DSM: And you were President, speaking of changing the world, of worldwide sales. What was your first out-of-the-United-States, sales experience?

SS: I tell this story all the time. The first one was really going to Japan with Bill, and with Danny Shader. And as I have come to learn when you go to Japan to do business, the senior ranking official on your delegation does 99.9% of the talking in every meeting that you're at. Very much unlike the U.S. where it's more of a consensus and collegial type of meeting where everyone's opinion get shared. Well in Japan it's not that way. So I think I spent my first two weeks in Japan and said maybe three words.

DSM: You were with GO for two years, 1992, 1993. If you look at the period in your life beginning with your first IPO in 1989, things are really starting to heat up in Silicon Valley. Can you describe to people what it was like during that time?

SS: It was a period of time where clearly there were a couple of companies that everybody was looking up to. Microsoft obviously had completely accelerated its business; the shift to Windows you know, huge growth there. There were application developers trying to build software on top of Microsoft, whether it was the Adobe's or other companies in the Valley. There were the Oracles and the Sun/Unix, or the Unix versus Windows wars of the time.

It just like every day you were going to run into some new hill to take, some new battle to be involved in. And a lot of it targeted, even back then, at how do we compete against Microsoft? Or, what can we do to make money in a Microsoft world? I can remember sitting in meetings with Larry Ellison around something we had started at MIPS, to build, to compete against Intel chips, was to build MIPS computers than ran Unix, or ran Steve Jobs' next operating system to try to break the duopoly of that time. I can circle or fast-forward 10 years later and tell you that Microsoft is probably one of the best partners VeriSign has. So it's funny how things change and stay the same.

DSM: There's so much energy and so much creativity here. Why do you think it appeared then and in this place? Talent pools, what was it?

SS: I think you had a very highly technical work force in a very concentrated area. So whether it was the Hewlett Packard's or the Intel's or the Suns or the Oracles, you brought together so much talent. Those companies were growing so fast that you had a labor pool here that had really among the best and brightest innovators from a technical perspective, but also very entrepreneurial in spirit. Because I think innovation and entrepreneurial-ship go together. So you always had people thinking, "I need to go do this something new, start it myself, or grab a few friends and do it." It was the way Megatest was started. It was the way MIPS was started, by some professors out of Stanford. It just feeds on itself. It was self-fulfilling. There is no other place in the world where this could have happened in this kind of way, and it ended up becoming just a self-fulfilling prophecy.

DSM: I heard it described by people in the middle of it, as the highest of highs and the most terrifying of terrors. Talk about some of the highs. Were there any periods that were really, really great?

SS: Of course there were. I've been in five start-ups and in every one there were those moments of, "Can we get funded for the next 6 to 12 months?" You hear so much about venture capital today. It was a much more quiet industry back then, around how the whole funding model worked. But it was the same players in many respects, and they wanted to make sure you could build a profitable company. I think you always look for customer acknowledgement that what you're doing is good. So before we would sell the first MegaOne tester, before we would sell the First MIPS workstation we would ask, "Would anybody buy these things?" I mean that's probably one of your biggest fears, even more so than the funding is, "If we build it, will they come?"

DSM: Talk about venture capitalists and the venture capital community, folks in that community who made a difference and the role they played in driving the revolution for you.

SS: Well, I think it was a very different time for venture capital back in the 1970's and 80's. When I came into Silicon Valley there were relatively few firms. It was a very kind of hidden kind of business culture around how you met with a venture capitalist, and what they were looking for to fund you. And I think they only funded 6 or 7 deals a year at those times. And it was the guys, you know, the Kleiner Perkins folks, and the Moore David folks, I mean, people that are still here today in the early 2000's, that they built this Valley. I mean it was their ability to raise capital from pension funds and universities and from other endowments, put to work here in the Valley that also supercharged that environment. It's very different today. It's very different. You have a lot of folks that like, every environment where you see success, everybody jumps in and thinks they can do it, but the ones who are still the most successful are the ones from the early 1980's and 1990's.

DSM: Why do you think that is?

SS: Because I think they understand that building a company takes time and takes people. There are a lot of companies here in Silicon Valley in last two years that were built specifically to go public. I grew up in an age in the Valley where you built your company to make something durable right - to create a piece of history; to do something good and succeed. And the financial rewards, the funding from venture capitalists, the IPO's, the personal rewards and stock - that was a by-product of having been successful. Whereas many of the companies, let's call them designer IPO's if you will, think, "Let's put together these three folks, we'll have a product in two months, we'll take it public and use the public markets as venture capital." Thankfully, and I know 10 years or 300 years from now, people will hear me say this and be surprised, but thankfully that time is gone very quickly. We're back to - build a real company, see the rewards as a by-product.

Convergence and Destiny

DSM: We're in the midst of the disappearance of a lot of these start-up companies, and its happened only within the past 6 months to a year. And the surviving companies are going to be the ones who actually make a product which reach a profit. Speaking of making a profit, I want to get 1994 and 1995, when Apple and IBM and HP came together and yielded Taligent. Tell me that story.

SS: Well as GO was winding down, and again, I think a very important life lesson I learned was that even when there's a great idea, you have to have convergence. You in fact are relying on convergence of new hardware technology, convergence of new software working, and convergence, by the way of new customers. But remember when we were designing pen computers we didn't want to sell them to you and me who had lap tops or PC's, we wanted to sell them to people who didn't use computers today. So we needed all three things, hardware, software and customers to magically appear on the same day, and it didn't work.

We probably should have building the Palm Organizer or one of these pocket-PC's back then, but we were building big, huge, heavy tablets. The screen technology, the battery technology, the hand writing recognition couldn't all work. So you learn a lot of lessons there and at the end of the day, we sold Go to AT&T part of their mobile computing environment, their mobile computing group. And frankly about a year later they shut it down. It just really wasn't the right time.

As I was transitioning out of GO I said to myself, let's go to something that has some backing and some market readiness. Apple and IBM backing Taligent, they said whatever product we produced they were going to be shipping on their machines, whether it was the Apple environment, the Macs, or whether it was the IBM PC's that they were trying to push their own operating system on, OS2.

DSM: So it seemed the answer to what you were missing?

SS: It seemed like, you know, okay, let's learn from previous mistakes. So I went to Taligent and did that.

The chronology here is interesting. Today Java, the Sun programming language, is a very popular thing with software developers. Probably a little bit of an overstatement to make, but I think that Taligent was building Java five years before Sun was. We called it the Taligent OS and the Taligent object-oriented frameworks. Lots of technical gobble-de-gook, but it really was a different way of programming. The problem was that IBM and Apple really had mixed agendas. They were both starting to suffer some of their own woes within their given businesses. They had competing technical projects in-house. We were supposed to be the design shop for all this new technology for both of them, yet both of them had divisions competing with us and with each other. And neither one them, all of this being said, wanted us to do anything forward-thinking on the Windows platform because this way supposed to be the way IBM and Apple would gain a foothold in the operating system against Microsoft. So it teaches you another lesson, which is you really do need to be the master of your own destiny. You can't have conflicting agendas with your owners. I think that's where, if you look at the history of VeriSign, we're very careful about who and when we took money in those times.

The Evolution of VeriSign

DSM: Let's talk about this transition; July of 1995 you go to VeriSign, and VeriSign's roots lie in RSA and Jim Bidzos. Talk a little about the evolution of VeriSign.

SS: Well, we're at Taligent and I had a call from one of the executive recruiters that I had known for several years, a man named Steve Combs, man I'm still friends with today. Steve said, "I don't know if you're interested in potential CEO roles but there's this guy you've just got to meet, Jim Bidzos. He's another Greek by the way, and you'll love to meet with him and you know, break bread, whatever." So I said, "Well I don't know anything about security and encryption," and back in 1995, no one did. So he said, "Well Jim's got this idea of spinning out a company from RSA that's really going to follow the growth of the Internet. And he's got people like Microsoft, Netscape and Intel and Visa all ready to put money into it." This was in February of 1995.

So I went and met with Jim, and as two Greek boys can, hit it off very well and began really waxing poetically about what the world of Internet was going to be like. This was a time when Netscape was still just, you were seeing the Jim Clark and Marc Andreessen first stories right, new company. This was a time when Yahoo was still Jerry Yang, and David Filo at Stanford as Ph.D. candidates before they had gotten funded from Sequoia. I mean it was very, very early.

So for the next couple of months Jim and I talked about this. At one point he decided, "Well, I'm not going to spin it out, but why don't you come in and be President or COO of RSA and we'll do this within the company?" And at another point he said, "No let's spin it out." So it really took us both I think until June or July to figure out what was the right model, which was spinning it out. And Jim had been able to, with Jim Cower from Bessimer, get it funded to the tune of, I think our first funding was I want to say 2 million or 3 million dollars. Which is funny, I mean that's also how things have changed in such a small period of time. Today some of these things get funded at 10 to 20 million dollars in their first round. And I think that's actually a problem that hampers the company's development. Having too much money gives you the ability to spend it. And I think you go too fast.

We had 2 million. We were on a very tight budget. It was 4 people that got spun out from RSA and myself. It was Jim's idea. I mean I get a lot of undeserved credit for VeriSign's early idea and vision. That all came from Jim Bidzos. Jim remains Chairman of our Board, and really had the initial seeds of the idea. What I will take credit for is bringing in a lot of great people who have done this.

I mean another lesson from the Bill Campbell, Chuck Bosenberg, Joe Guillaume days is just find good people and they'll figure out the right thing to do. The funniest part, people say, "Did you know it was going to be this way?" Our initial business plan right before we walked in the door was that we were going to make all our money selling to Apple Macintosh users and Lotus Notes users. I think I can count on one hand the nickels we have collected in those markets to date.

It's Better to be Lucky

DSM: So you spin this company out, uncertain how the market is going to be and there were a lot of, not a lot, but some big competitive players in the market. I mean there was GTE and CyberTrust, and the United State Postal Service.

SS: Well, talk about ironic, the day I came to VeriSign there was a *Wall Street Journal* article about the U.S. Postal Service getting into the business VeriSign was supposed to be doing. And then this GTE group, which has this military group they had done all of this for, secure telephones in the Middle east, and they were going to apply now to this Internet. So it was very scary.

DSM: Speaking of funding security...

SS: That's right. I mean we walked in the door with 4 employees, 2 million dollars and huge competitors who said they were going to take us out. I think it a testament to the fact that staying focused and executing is the only way through these things. That's probably what we did that none of them did. It was the only thing that we had, right? It was survival for us to do this. The Post Office clearly has a different vision and so does GTE the corporation, so I think that level of focus gave us an ability to kind of get the early traction.

Probably one of the other things I should point out is one of our key tenets at VeriSign is, "It's better to be lucky than good, and if you can be both, so much the better." Netscape came to us and said, we'd love to put your security technology into the browser so we could make it possible for consumers to put their credit card number in when they're shopping on the web. They didn't charge us for it and we were the only one they put in. So in essence we had a 100% market share the day we opened the doors. Now we only sold 25 digital certificates that first month at \$300.00 a piece, but still 100%. And frankly as Microsoft caught onto the Internet, they came to us and said, "We want to put your key in there as well." So we ended up getting the first mover position more out of luck and being in the right place than any deserved right. And to our credit, we capitalized on it. We ran very fast from there and started establishing all the other relationships.

DSM: So the Netscape relationship, if you had to pick a turning point that would be it.

SS: Well it literally happened the month before I joined the company. They had come to Bidzos and said, we need this. And that's really what gave us our start. That really allowed us to move away from the Apple, Mac market and into the internet. And I think really, not to be really cliché about it, the rest is history.

DSM: VeriSign has been described as a digital notary public, as the Switzerland of cyberspace, something like that?

SS: Right.

Tenets of Trust

DSM: think it would be wonderful for posterity to have you describe what you do, talk about public key encryption and sort of the heart of the business if you will.

SS: It's funny because like every company here in the Valley, we initially started talking about our technology. Six years later, we talk about our customers and their needs and kind of more abstract terms like trust. But public key encryption and its associated term, public key infrastructure, is really a way in which over an electronic network you can establish trust between parties.

So the Internet is a public network. It's hard to know who is on either end of the wire, and it's also hard to know who is listening in while information is being transmitted. VeriSign and public key infrastructure can solve those problems. We issue these digital credentials, and it's a software file. It's simply a software file. A special one though, that's tamper-proof and has information inside of it that identifies who the owner is. So you can pass your digital credentials over the wire the same way you pass your driver's license or credit card over to the sales clerk's desk, and establish your identity, and establish some level of trust.

One of the other features of the encryption part is that it also scrambles all the data as it moves. So not only can I tell who you are, but all the information you and I pass between us is kept from prying eyes of anybody else on the public network. The idea is pretty simple; digital credentials and privacy. Once you start looking at it, it's needed everywhere. Whether it's electronic mail, web browsers, all these fancy terms around supply chain management and B-to-B exchanges.

Privacy and identity and authorization are fundamental tenets of trust, of people doing business together. Whether it's consumers doing it with Amazon.com, or businesses doing it between their suppliers, you don't do business unless you trust somebody on the other end. And VeriSign steps in and says, we as a neutral third party will validate everybody's identity. So it's kind of, it was always a big idea but it started in a very small segment that just exploded.

DSM: We're talking about the implications for the software, not only for the integrity of relationships, not only from person-to-person and person-to-company and company-to-company but integrity of the software itself. And there are advantages, but nearly all the advantages can be linked to some serious threats to all sorts of integrity at the turn of the 21st Century. So could you talk a little bit about the terror that's out there that this addresses and what you think the implications are?

SS: Let me even step back a little bit. Everything in this digital world tends to be talked about as if it's new and different. What we do is just basically moving both legal and social aspects of trust from the physical world, and their hundreds of years of if you will, adoption and being taking for granted. Things like you and I meeting face-to-face, we tend to trust each other. It's even probably better if you walk into a building that's got a VeriSign sign on it. You think we're probably a viable entity. So trust is one of these kind of abstract things that gets built over time, time of things not going wrong and the kind of social interactions around business or around personal issues.

In the digital world, many of the signposts for trust go away. You can't see the face-to-face in many ways. You can't know who's on the other end of the wire. You also don't know who may be just around the corner listening in to that wire. So those threats are real in a digital world, and the Internet is definitely a public network. It's connected to thousands of computers all over the world, and we can demonstrate in 5 to 10 minutes a very easy way of eaves dropping on communications that are unencrypted.

We can demonstrate a very easy way of penetrating a company's building through its network. And again, it's so different than what you think about in the physical world. In the physical world security is all about keeping everybody out. So you erect the thick walls, and the guards, and other things when you have something to protect. In the digital world of the internet, you're really trying to let people in, but you only want them to see the right things that they're allowed access to. And you want to keep people who shouldn't come in, from coming in. So it's both open and closed at the same time, and all of that on a massive scale. That's the other part of it, if you get your credit card stolen by a waiter at a restaurant, he'll probably have a nice shopping spree. Highly unlikely he's going to pass it to millions of people. On the Internet if that number gets stolen, it can be distributed to millions upon millions of sites and people very quickly. So the threats are more massive in scale and harder to protect against than in a physical sense where we're more used to it.

Origins of Honor

DSM: Your discussion of trust and honor interesting not only in a technical sense, but in a personal sense. One of the best definitions of honor I have ever heard is, that it's a sort of a debt. It's behavior you owe to people who expect it. And we were talking earlier about your Mom and your Grandfather and the role they played in your life. Can you talk about that?

SS: Sure. Again I think that when you live it, you probably don't appreciate it as much as you can when you reflect back on it; but you know I had a mother who was literally, what was then called a secretary. It's out of vogue to call them that these day. They're executive assistants now. But she, that's what she did for 30 some years, and she put both my brother and I through college. She was able to give us a reasonable standard of living. We relied a bit on our grandparents as well but you know, a single mother working 8 and 10 hours a day through all that time, and everything she did was to sacrifice for her boys. Clearly that put I think, a lot of both my brother's and my own kind of ideas around what obligation and trust and commitment is all about.

You ask yourself, "Where did she learn that?" And I really do point to my Grandfather Petros Valchos, the man who came over in 1906 to from Greece, actually having to flee the country because he was a rebel against the Turks. Somebody even back then who stood up for moral conviction of what was right for his country. Came down here and for the next really 30, 40 years, built small businesses. That tends to be something that people from the Mediterranean do is you know, become self-employed and build small businesses. He was a restaurateur, lost all of his businesses in the Depression. Came back and built laundromats and ran those. Some of my fondest memories are going with him, and he was in his mid-seventies, on a public bus from our Sunset district house down into to Richmond district; walking down there and him running that Laundromat. I don't think he retired until he was probably 76, 77 years old. If there was one person in my life that I kind of hold in incredible esteem it is my Grandfather.

I mean the things that he did in that age, having lost the businesses, still supporting the family, rebuilt them again and the rest. And hopefully I can do just a little bit as well as he did.

DSM: His fleeing the Turks was part of a series of Balkan Wars.

SS: That's right.

The Internet Horse is "Out of the Barn"

DSM: That eventually led to the First World War, which led to the Second. Probably the bloodiest century in the history of mankind, and someone said that this technology may provide the tools that will help avoid that happening again. How do you feel about that?

SS: You know it's an interesting thing and I don't think you can be Pollyannaish about this. The technology we can use to protect you can be applied against us or against you for things like terrorism and the rest. There used to be the encryption battle here in the U.S. at the government level, "Should we allow encryption to be exported or not; encryption technology." The pros of doing that were, it would allow businesses to protect their data. The cons against that were that the FBI or the CIA could come in and say, "terrorism and pedophiles." And I always said in somewhat of a tongue-in-cheek way, that the FBI had a much better sound bite than I did. When they went to the Congress they could say, do you want to be the Congress who that supports pedophiles and terrorists here in the U.S.?

And I would have to go there and say, "You don't understand this Internet and all these interconnected hubs. If companies aren't allowed to protect their data, businesses will not be successful." That is a much harder argument to make. So I think the same things that can help us prevent some of these social issues can probably also hurt us if not checked. And I think that's why security and trust, there is no perfect answer. People say, "Is it 100% secure?" And I'm the first one to tell you it isn't. And in fact, it never will be. It's always going to be a race between the good guys and the bad guys as has been true in the physical world for forever.

DSM: Sure. If you had to venture a guess, would you guess that the benefits produced by the Internet, an Internet in which transactions are secure, will be so great as to overwhelm the pedophiles and terrorists? Or are you on the pessimistic side?

SS: No, I'm obviously on the optimistic side. I wouldn't be here if I weren't. I think that we are seeing a fundamental change in the way business is conducted and the way that people interact. And some people are scared of that, but I think it's going to be as profound a change as you and I were talking earlier. The Industrial Revolution of the early 1900's brought about incredible social change and incredible industrial growth. The same will be remembered about this age. I don't know whether we'll call it the 'Internet age' or the 'technology age' or whatever it will be, but this revolution is much more profound.

There's been a bad term used in the last few years, the 'new economy' versus the 'old economy.' It has nothing to do with it! It's the same old businesses. We're just using technology to reach people faster, to find new customers, to save costs and the rest.

This will be remembered as a time when we gain that next profound step of productivity as a world, as a culture around the world. And it will improve life around the world. I firmly believe that.

DSM: How irresistible a global force is it? There are very strong forces out there opposing the spread of this technology, religious forces, cultural forces, and in the case of some countries, political forces, do you think they're going to be helpless in the face of this?

SS: The horse is out of the barn, or any other cliché you want to use to describe it. You really can see that by the massive uptake. The number of Internet users has grown some 305 or 335 million already, and it passed 50 million users in a period of about 2 years. When you go back and look at radio and television or any other medium, when it surpassed a usage model like that it took decades. We're talking about years. So the speed here is undeniable, and I think it will continue. Still today only like 30% of the U.S. population is using the Internet. There's a long way to go.

DSM: That's on the consumer side, what about on the talent side. Where do you find talent?

SS: Well as much as there are economic cycles, there are in fact recruiting cycles and they're almost kind of juxtaposed from each other. I can tell you at least twice a year I have the vice-presidents of engineering come to me and say they can't hire anybody, right? "We're losing candidates. We're not paying enough salary. We're not giving them enough stock. They're going to other companies." And then twice a year they'll come to me and say, "Recruiting is incredibly good." It just ebbs and flows with the Valley and what's going on in the Valley.

So fortunately for VeriSign, our business is very healthy today. We're profitable and we're still very fast growing. Right now in this economic downturn there are a lot of folks who are either being laid off or are looking for more stable environments versus the start-up they went to last year that was going to change the world. We've probably in the last 60 days hired more engineers than we've hired in the last 6 months, or in the last year even. So it's good been good for us.

Creating a Little History

DSM: I just heard the Grandfather remembered by his Grandson in terms, I think that would surely please the Grandfather. Who knows, you may be someone's grandfather yourself. How would you like to be remembered? How would you like to have your role in the revolution remembered by your grandson?

SS: You know Jim Bidzos when he was recruiting me here, we spent these 4 months talking about it. And he asked me what finally triggered it for me, what told me that I have to go do this? It was when I was talking with Jim over dinner and I said, "If you were me, why would you come to VeriSign? Why would you do this?" And he said, "Well, financial rewards. Your first CEO job, all those things at a personal level. But probably more important than that, I think you're going to be able to create a little history here." And I think that stuck with me.

I tell that story all the time to new employees when they get here, that we are creating history. We will be one of those companies, hopefully, if we execute and do everything right, that will be remembered for having, not just been a part of this, but helped get it going and keep it running.

And that's where some of the other things that VeriSign has done in the past two years really are coming into play. We want to be the Internet's utility. We want people to plug into us and feel safe and secure about doing business over the Internet.

DSM: I missed one of the stories I really wanted to hear you tell. Normally, I would end the interview here because it's such a wonderful place to end, but I would be kicked by posterity because we haven't even talked about your relationship with Network Solutions and all the wonderful things that have gone on in the last two years.

SS: (Laughs) The last two days!

DSM: And there is also some wonderful government legislation as well. But let's go back to when you started thinking about Network Solutions and a relationship with those guys. Network Solutions went public in what, 1996, 97'?

SS: Yes.

DSM: That early? So tell me what you bought when you bought Network Solutions? What you bought and why you bought it.

SS: Well again, we had started to realize that we had this interesting role in the Internet. We were both an enabler of the Internet and e-commerce's growth, and we were also going to be a beneficiary of it. We started to think, "Okay, what are some of the things that we do well? We run very secure and reliable data centers, and we deliver these trusted services." One of the things that was a tenet of VeriSign in those early days is that we had to be more trustworthy than the people that we served. If they couldn't count on us, then literally this chain of trust that we were trying to build around the world was going to fall apart.

In the physical world you have governments and you have the credit card companies that stand behind it, although we're clearly not as important as those entities yet, I think that in the early days that's what we represented on the internet. If VeriSign stood behind it you could trust putting your credit card into this web site. We started to think about, "Is that all we're going to do is these digital credentials and the identity piece? What other services would make sense in that vein?" And that's where Network Solutions came in. They really are the front door to the Internet, to getting your domain name. It's so funny to me because back in the early 1990's, there was no such thing. It was really around IP addresses, 11 digit codes that you had to type in. Then all of a sudden you started to see these things like, "to Stratton at MIPS" or Go.com and the rest. It's this domain name thing and Tim Berners-Lee and the World Wide Web. All of this came about and it literally just exploded, and Network Solutions was the gatekeeper. They were the front door. You didn't get the domain name unless they put it into the system and made it available to every browser on a daily basis. So it seemed to have the same context of trust. It was a service everybody needed, and it needed to come from a source that you could trust.

DSM: And not a government source.

SS: And not a government source, although in the early days they were the operator of the system, this domain name system on behalf of the National Science Foundation, and then later on behalf of the Department of Commerce.

DSM: So you started thinking about this as early as 1997?

SS: As early as 1996, 97'. Well they had come and wanted to do a business relationship with VeriSign. Wanted to put something together whereas they were selling domain names and they could offer our digital certificates to people building web sites. Nice package right? Build your web site, make it secure.

DSM: Seems straightforward.

SS: Well that what everybody says, and I think as the story progresses here in the next few minutes you'll see that, if all it was was a marketing deal, absolutely we could have cut that. We didn't need to spend 40% of our equity to do it. But really what you found if you dug under the covers, and they asked me to join their board as they went public, so I sat inside the company and realized, "Hey wait a minute. This is not just a simple domain name, sales company, this is a company that actually in many ways is running the heartbeat of the Internet." If Network Solutions took your name out of the databases and didn't make it available, you were gone.

DSM: Yes, you don't exist!

SS: Absolutely! Absolutely! And in a short period of one year we just added 20 million domain names to the base. In the entire decade of the 1990's there were only 9 million names added, most of those in 1998 and 1999. In the year 2000 we added 20 million more. So the thing exploded! And people say well, Network Solutions and now VeriSign as it's owner, well you're a monopoly and you made a tremendous amount of money off of that. Absolutely, we were profitable. But if you went back and looked at what we had invested to make sure that system ran, I'll give you a statistic here, we handle some 2 billion domain name look-ups per day on our machines, and that's an average. Peak we do 12 billion, per day!

DSM: That's billion with a "B."

SS: A "B" and that's per day! That's more than Sabre does in travel reservations. That's more than FDC does in credit card processing. It's the fastest transaction system in the globe, and nobody knew it. So I would sit there on the board and think, "We are a vilified company as Network Solutions and VeriSign's had the same," because when you have a high market share and everybody needs to come to you for a service, the best you could hope for is to be taken for granted. They just want it work, and of course anything below that, of not working, you're obviously doing something evil. I think we take that obligation very seriously.

So VeriSign had always done that on the trust side; Network Solution on the name side. You would not imagine the amount of work that goes into the scrubbing the data files everyday to make sure we don't stop even one bit, and it's a very, very big responsibility. By the way, we have screwed it up occasionally and we have shut down various pieces of the Internet. So that's the obligation the company has. That's the more noble mission.

And people talking about building businesses and generating lots of revenues and profits, that's important stuff for shareholders, very important stuff for employees in terms of their own compensation. We do think rightly or wrongly, Pollyannaish or not, we have a higher, more noble obligation, which is to make the Internet a safe and confident place. And we're doing a pretty good job of it. I think as I said earlier, my hope is people start taking us for granted. That's the best we can achieve.

DSM: And you're doing it not only in the United States, which for all it's sophistication, penetration still isn't that high there's still a lot of potential there. but you're beginning the process of doing this all over the world. What are some of the challenges that you're running into doing this globally? What sort of resistance?

SS: When you realize you're not in the security business and you're actually in the trust business, then you have to start talking about different things. You have to start talking about cultural implications of trust. You have to start talking about legal implications in different countries. We are well aware that social policies, privacy, legal influence of the government around your personal privacy and records is very different in Japan than it is in the U.S., or than it is in France or Germany. So one of the early things the company had to deal with was, "How do you come out as the American company talking about trust in Japan and France?" Those are two very distinct cultures in their own right. So I think logically we came to the conclusion we couldn't. We could not do that ourselves. We would not be trusted in France like we could be trusted here. So we went into these markets and found partners – we had to.

There's that old saying, you're known by the company you keep. VeriSign built its franchise by the company we kept. Early on it was the VISA's and the Intel's as investors and the Microsoft's and Cisco's as investors. And later on as we spread internationally, it was the British Telecommunications in the UK, it was NTT and NEC and Sony and Toshiba in Japan, it was Telstra and our joint venture in Australia. We went in and found local partners who were themselves already trusted by the populace in those markets and who could in our view, build the same kind of trusted infrastructure to deliver these services that we could. That was what we call our affiliate program. It's been more successful than our wildest expectations because the need for these services in those countries as their internet adoption grows, is the same as it is here.

DSM: Our last question, and I know it is difficult to choose, as it is among children, it's hard to say this is my favorite child, because I'm sure all of your partners are special, but is there one of these relationships that you've established internationally, I mean, given the cultural resistances, our long histories of tradition, that is just particularly satisfying, that you're really particularly proud of?

SS: Well, I think it's funny you say that because Arcia Cohen and I just came back from Japan, and we started Japan as a subsidiary that we owned 50% of, and then we had investments from NEC, Toshiba, SONY, many of the companies I just mentioned. For four years it was probably the only thing that the Board of Directors here would be critical of the company of. Critical that we weren't operating Japan. It was losing money and we didn't seem to be getting traction. Actually competitors who came later to the market seemed to be doing better. Funny, it could be luck, whatever it may be, we are now a profitable company in Japan. The investors in the company are showing much stronger support for it than they ever did. Most of the competition is falling by the wayside, and it ends up being the thing I'm most proud of because it was the thing early on, you could be so critical of. Through a lot of hard effort from the people in Japan and a lot of our help, it's now probably the showcase of the international environment, as opposed to the poor stepchild.

Where Credit is Due

DSM: Any questions you would like to have, or points you would like to cover before we close this out?

SS: I think that the one thing that I would love to be able to focus just a bit of time on is the other people here that helped do this. Because I think I know what these are all about, but the reality is that VeriSign is nowhere without the other 5,6,7 executives that helped get it here. They gave me the bandwidth to go do these things.

DSM: If you want to name names and describe relationships, let's talk about some of the key people.

SS: I think this is something that I learned from all those mentors before in the prior companies is that you really do have to hire good people, give them enough rope to hang themselves and assume that they're doing the right thing. I'm very, probably the proudest thing about VeriSign is not it's stock price, it's market capitalization, its number of employees or any of that, it's really the fact that the core management team has been here now almost all of us, more than 4 years. The company is 5 and a half years old, some of us, 5 and a half years. I mean it was the people that we started with.

DSM: An eternity is Silicon Valley.

SS: It is! And it's Dana Evan our CFO, and Quentin Gallivan in sales, Richard Yenavich. It's our VP's of engineering Lauren Schafer, Judy Linn; in fact I worked with all of the engineering executives at Taligent, they came along with us. It's those relationships that were durable. They really have built this company along with me so I think without acknowledging them, this would not be in my view, a fair statement.

DSM: Who was your first hire here?

SS: (Laughs) My first hires were really interesting. First hire was a gentleman named Michael Baum. Interesting hire, Michael was lawyer with an expertise really in EDI law and international law around electronic commerce. This was back in the mid 1990's. So he said, you're building a technology company and your first hire is a lawyer with a specialty in electronic commerce? Yes. Michael set the ground rules. There were no rules to follow at VeriSign. No domestic laws. No international laws certainly, and certainly no cross-border laws around how all this can work. We had to invent it as we went along. We invented the technology and the business law, Michael invented the policies and the practices. Without Michael I don't think much of what we have done would have had the credibility in the legal and the government space.

Dana came in as our CFO. Funny story, my wife Jodie and Dana had the kids in pre-school together. So they actually met first, and we're out at dinner one night with her and her husband, and I asked her, "Well what do you do?" She said, "Oh, I'm a financial consultant. I do kind of accounting and CFO consulting for companies." "Well, gee I could use some help at VeriSign." What began as a temporary 6 to 12 hours a week quickly became 60 hours a week and she became the CFO; just phenomenal.

DSM: Well in terms of making history, I think one of the really interesting questions about what the future is going to look like is that by doing this stuff for the first time, you really are setting the standards. And the degree to which you and Michael wrote the law and how it persists, and how long it persists, and how broad it persists, speaking of Pollyanna's I've been working in this business, being privileged to record it's history for 14 years, and I'm a hopeless Pollyanna, and I think you you've got something to look forward to. That your grandchildren can be proud of because I know I am, and I thank you for the time you've spent with us and for not only the work that you have done, but for this contribution to the history of this revolution.

SS: Thank you!