

Paul Stannard

Interview conducted by

David Caruso, PhD

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SAN DIEGO TECHNOLOGY ARCHIVE



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Paul Stannard



Mr. Paul Stannard Founded SmartDraw.com in 1994 and serves as its Chief Executive Officer. Mr. Stannard began his career in the PC industry in 1980. He has more than twenty years' experience as successful software company Chief Executive Officer and founded several other start-ups. He served as the Chairman of the San Diego Software and Internet Council. Mr. Stannard serves as Director at San Diego Software Industry Council. He has been an Outside Director of Sanrio, Inc since 2005. He serves on the University of California, San Diego (UCSD) Libraries Advisory Board. He is a self-taught software developer. He has written more than a dozen published software applications, primarily graphics software. He wrote the first version of SmartDraw. Mr. Stannard has also written applications for other software companies, including Microsoft®, Broderbund, Intuit and GraphPad Software. He is an innovator and expert in software user-interface design and development, Stannard created MegaForm, the first graphical form design software in 1985 and Org Plus, the first graphical organization chart program for the Macintosh and Windows® in 1989. Mr. Stannard is also a pioneer and recognized authority in electronic software distribution and Internet Marketing and speaks frequently on the subject. Mr. Stannard holds a Bachelor's and Master's Degree from Oxford University, and earned a PhD. in Chemistry from UCLA. .

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THE SAN DIEGO TECHNOLOGY ARCHIVE

INTERVIEWEE: Paul Stannard

INTERVIEWER: David Caruso

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1 **CARUSO:** So, today is the 27th of March 2014. I'm here with Paul Stannard. My name
2 is David Caruso. This is an interview for the San Diego Technology Archive Oral
3 History Project. And, again, thank you very much for taking the time to meet with me
4 today.

5 **STANNARD:** Oh, you're welcome.

6 **CARUSO:** And, as I mentioned, what I'd like to start off with is just hear a little bit
7 about your background, very general, just to know, for example, where you were born
8 and raised, where you went to school, just some background information, to begin
9 with.

10 **STANNARD:** So I was born in England, 1953. And I went to school at Oxford to study
11 chemistry. And then I came to UCLA as a graduate student in 1976. And I did
12 theoretical chemistry. So I used computers there for the first time – Fortran and big
13 mainframes, sort of the old style stuff. And I never really enjoyed the programming
14 part very much, because it was so awkward to have to do. I got a job in San Diego in
15 1980 at S-Cubed which was a research company for government contracts. And I
16 actually worked on some plasma physics for the Space Shuttle – low Earth orbit
17 spacecraft charging. And I used computers there, too. And, again, they were big
18 mainframe computers. I have a PhD in chemistry.

19 And then actually a friend of mine in 1980 had an Apple II, and he showed me it, and
20 I went over to his house and played with it, and I decided to buy one. And my
21 opinion of software and programming changed immediately. I had that – because
22 instead of waiting for – typing in my job, waiting five minutes, walking down three
23 flights of stairs, going in and looking at the printout and seeing that I had a syntax

24 error, and walking all the way back up the stairs – I could actually correct it in real-
25 time and actually get results immediately. So I was immediately hooked. So that’s my
26 background, how I got involved in programming. And I was at S-Cubed from 1980
27 until 1982, and I decided to leave in 1982 and start a software company. That software
28 company was called Megahaus.

29 And I originally started the company to write software for the Apple II, and have been
30 in the business ever since. So that’s kind of how I got started.

31 **CARUSO:** Okay, one, just to make sure I understand, what was – you were doing
32 theoretical chemistry, so you were running equations through the computers, or –

33 **STANNARD:** Actually, I did a lot of my work, funnily enough, in pencil and paper.
34 But I did do some work on the computer. I had several projects going at the same
35 time. So I would model things on the computer. And I also did a molecular
36 calculation paper with somebody – I don’t remember what it was about now – and I
37 used the computer to do that. So I wrote in Fortran, with a line editor. And instead of
38 having to walk downstairs three flights of stairs, down, I had to walk out of the
39 building, across the engineering quad, down three flights of stairs [laughter] and then
40 look at my printout, which is even longer development cycle. So I never enjoyed it
41 very much.

42 **CARUSO:** And I mean clearly you left chemistry. What was it about the work that
43 you didn’t enjoy? I mean I’m kind of curious about –

44 **STANNARD:** Well, chemistry I always enjoyed, but being British, I needed a green
45 card, so I didn’t have a lot of choice in terms of who was willing to go through the
46 arduous process of getting me one. And my professor had a friend who he had
47 graduated with who was working for this S-Cubed company in San Diego. And they
48 interviewed me, and they wanted someone with great, good scientific understanding,
49 and I was a good student, and they were willing to go through the very arduous
50 process of getting me in – and it took, actually, nine months. And eventually I got a
51 training visa and was able to start work. It really took a year and a half to get a
52 permanent residence, the proper paperwork all the way through.

53 I was able to work for nine months of that with a temporary visa, but it was – So I
54 didn’t really have a lot of choice. So that company did more computer modeling than
55 chemistry. It was really plasma physics. Being a theoretical chemist, I was pretty

56 comfortable with all of that stuff. But it wasn't really my first choice as a job, and I
57 never really enjoyed that job that much, but it was a start.

58 **CARUSO:** Okay. Can you tell me a little bit about what the landscape of the San
59 Diego area was like in terms of the companies that were prominent at the time,
60 especially with relation to the software industry, but others as well?

61 **STANNARD:** Sure. Okay. So this is what I remember. So any software business that
62 was around at that time was really for mainframe computers. And this S-Cubed itself
63 – Systems, Science, and Software – was a spinoff of General Atomic. So virtually all
64 the technology business in San Diego with that kind of technology at that time was a
65 spinoff from General Atomic, which was up above in Torrey Pines, and some of these
66 companies were in Sorrento Valley. And Sorrento Valley was very little – None of the
67 stuff east of the 805 existed yet. So it was just the little western part of Sorrento Valley
68 Road. There was no traffic. I mean it was very small.

69 The only other software company that I know about at that time, or commercial
70 software company that I knew about in San Diego, was the company that made the
71 graphics packages that we used, which ran on a special kind of terminal back then.
72 Trying to remember their name. Although the guy who founded that company and
73 eventually sold it is in San Diego still. I'm so bad with names. He's the guy who has
74 the school.

75 **CARUSO:** It's not James Von Air, is it?

76 **STANNARD:** No. He became sort of a philanthropist afterwards, and I met him when
77 he was running the company through someone else. But anyway, it was graphics
78 software for IBM and other mainframes. And that was – they were successful.
79 Eventually, they were acquired. If I said the name, you would probably know who he
80 was. It may come to me later in the interview. Anyway. That was one company, but
81 there were no PC software companies at that time, or even Apple software
82 companies. In fact, the one that I started was really the first real kind of startup thing
83 that I know about. There was one other one, which was in Hillcrest, and the friend
84 who had the Apple II was – did a little bit of work for this guy. And he was sort of a
85 hippie really. And his name – his company was Beagle Bros. And they sold it through
86 mail order. They had a little plastic bag with a disk in it. And –

87 **CARUSO:** The five and a quarter inch?

88 **STANNARD:** Yeah, back then. And that was the first Apple type PC software
89 company that I encountered. And actually that was part of my – actually, really
90 wasn't. There were a lot of others that were not in San Diego at that time that were
91 starting to become well-known. It's just like you see the dot com companies today. So
92 I think VisiCalc was a hot kind of thing at that point. WordStar, or Word Perfect.
93 There were just the first few PC companies were starting to make a noise. Some went
94 public. So but in San Diego it was very difficult when we raised money for my first
95 company, which we did – I'll go into that a little bit more if you want – nobody
96 understood what software was. And certainly the idea of writing it for an Apple was
97 something that seemed strange and just not a valuable idea to a lot of people. It took
98 me a very long time to find the right audience to raise the money from.

99 **CARUSO:** So I would like to hear a bit more about that.

100 **STANNARD:** Okay. How did that happen? Okay. So, again, I wish to not bore the
101 audience here, but I'll go through [laughs] the details. Okay. So I was working at S-
102 Cubed. I had conceived this idea of wanting to start a software company for the IBM
103 PC and the Apple II. The IBM PC had just started to take off. And I had a friend who
104 was a sales guy, and actually he sold solar heating, and all the subsidies and stuff for
105 that stopped in the early 80s. Anyway. Okay. He lost his job in February of 1982, and I
106 was just itching to quit mine, and I said – actually, I did quit mine. I stand back. I
107 decided to become a PC consultant. And I talked to everybody I knew that was a
108 professional, including my immigration lawyer, and one thing led to another, but
109 eventually I got a job writing a piece of software to do inheritance taxes for an
110 attorney in San Diego.

111 And the whole time I was trying to raise money to start my first company, I was doing
112 that job on the side. And then my sales guy friend lost his job, and I said, "We're
113 going to start a software company together, you and me. You'll be the sales guy. I'll be
114 the technical guy. And we need to find a CEO." So he knew a lot of builders, because
115 that's where he put solar heating in. And they all had money. So we put together a
116 business plan and we went from builder to builder to try to sell them on the idea of
117 investing in a software company. That was [laughs], looking back, sort of easy to see
118 what that didn't work.

119 So these guys, of course, were not technically savvy at all, and didn't know what
120 software was, didn't know why Apple and IBM wouldn't write all the software they

121 could ever write – the idea of an independent software industry was just lost on them.
122 So that was just a waste of time. And then I began to realize I needed to talk to people
123 who were technically in the technology business. Pretty obvious, now, but back then,
124 for a 29 year old, it didn't seem quite as obvious. So actually the guy who was the
125 CEO of S-Cubed, Vernon Blackman, was fired by S-Cubed. And he was probably in
126 his fifties at the time. And I decided – I'd met him once. I decided to call him up at
127 his house and said, "How would you like to become the CEO of my new software
128 company?"

129 Because I figured here's a guy. He's an older guy. Knows what he's doing. And has
130 been CEO. And he laughed. But he agreed to have lunch with the two of us. And he
131 sort of mentored us through this all. He goes, "You don't want me as your CEO." He
132 said, "It's a young man's game. It should be one of you two." And he said, "You need
133 to talk to some people." And we had some guy we were working with at the time. We
134 were constantly looking for this CEO guy, and we wasted a lot of time talking to
135 people who were really unsuitable. And finally after about six months of this, I said to
136 Vernon one day, "What would it take to simply go raise some money to get this
137 company off the ground?"

138 And he said, "Simple deal: 50 percent for the investors, 50 percent for you. Let me talk
139 to some people I know." And these people were – he was on a number of boards of
140 companies that he had – he was, in fact, an early venture capitalist. And he ended up
141 at S-Cubed because he had been an investor in S-Cubed and they needed someone to
142 run it for a while, and he ended up running it. So the investor became the chairman
143 coming in as the outside. But he invested in lots of companies and was on the boards
144 of lots of companies, all fairly high tech, and he introduced me to their CEOs, and
145 they just decided to go for it. This was right about Thanksgiving of 1982.

146 I was out of money. I was in debt. And I was so burned out, I decided to fly back to
147 England just for Christmas, and charge the plane ticket. And right about that time, it
148 was just like everything came together between Thanksgiving and Christmas, it all
149 came together. And I came back from my trip to England, opened my little mailbox in
150 my apartment, and there was \$250,000.00 stuffed in checks inside. And we actually
151 raised \$400,000.00 and I thought, "Holy shit, this is real, this is really going to
152 happen." And I remember I stayed up the whole night. Didn't go to bed. Just spent
153 thinking about all the logistical issues of running a company – accounting, hiring, all
154 of that. Made a plan.

155 But that was how the first company got started. I should also mention that Time
156 Magazine put the personal computer on the cover as Man of the Year, Christmas of
157 1982. So finally after all that [laughs] digging in the salt mines, I was in the right place
158 and time with a hot thing. So we started that company. We got started in January of
159 1983, the two of us. And as I say, at the time, there weren't really any other PC type or
160 personal computer type software companies around except for this kind of Beagle
161 Brothers kind of amateur-like outfit that was out there.

162 **CARUSO:** So as the company started to grow, where were you drawing your staff
163 from?

164 **STANNARD:** This is another comedy of errors. Friends and family, right? So there
165 was a guy who lived in the apartment complex who was a graduate of UCSD, or just
166 was graduating in computer science, and I hired him as my first programmer. And he
167 was not very good. And I learned – I had to fire him. First person I ever fired. And I
168 learned that just because you've been to school to learn how to program doesn't make
169 you a great programmer. Great programmers are very, very difficult to find. You're
170 born a great programmer. And many of the ones that I still work, believe it or not,
171 with some of the programmers I worked with at that first company, they now work
172 for me in my new company, and I've worked with them for 30 years. Some of them
173 haven't even been to college, but they're the best you'll ever find, and it's a gift, like
174 being a great musician.

175 So anyway, I hired – I was terrible. I just would hire people that sounded good, and I
176 would put ads out and interview them, and it was a totally hit and miss situation.
177 Looking back, I mean I had no idea what I was doing. I mean I was technically
178 competent, but in terms of trying to run a business and hire and fire and manage, I
179 really had no idea what I was doing.

180 **CARUSO:** And so the people that you wound up hiring, they were from the San
181 Diego area, or –

182 **STANNARD:** Yeah, uh-huh. We would run ads. I mean back then there was no
183 internet, so you would put an ad in the paper and then interview people. And my
184 friend, Paul La Costa, took care of hiring sales people. He wasn't very good at that,
185 and he wasn't very good at managing either. And I took care of hiring the
186 programmers. And I wasn't very good at that, either. I got better at it, pretty quickly,
187 and I realized that what mattered was what they could do. So I actually made them

188 do a test, programming test, and that actually helped a lot. If they couldn't pass my
189 programming test – if they passed it, they had a pretty good chance of being
190 competent. And eventually how I hired people – and I actually ended up with a great
191 team of people there over a few years – is I would find one guy, luckily, just by
192 chance, essentially, who was really good, and then I'd say, "Who else would you, do
193 you know, who's really good, who you'd want to work with here?"

194 And they recommended their friends. And they were a better filter than me. In other
195 words, if you're really good at what you do, you don't want to work with someone
196 who isn't very good. So, say, "Well, I worked with Brian. He's really great. Let's talk to
197 Brian and bring him aboard." And they just did my hiring for me after that. I still use
198 the same technique.

199 **CARUSO:** So I mean one of the questions, and I think it'll probably come up several
200 times during the interview, is I'm curious why – I mean I know why you started in the
201 San Diego area, but was there something about the community there, something
202 about the lifestyle there, the life there, that made you want to stay in San Diego?
203 Because I mean there are a lot of other businesses starting at the time, different
204 locations.

205 **STANNARD:** So, to step back from that, it was sort of inertia in the sense that I was
206 here. My partner and I discussed several times moving to the Bay Area. But again if
207 you're – here's what really kept us here and the reason that we were here. It was
208 because of the investors. So there was a cadre of investors in San Diego that made
209 that happen. Ken Olson, don't know if you've met him, you should talk to him. He
210 invested in my company in 1982. He was the CEO of a technology company here that
211 was eventually bought by Square D. And, again, if I could remember – it made power
212 supplies for larger computers. And Vernon Blackman. There was another guy who
213 was from just up in LA who – optical research. They made lenses that they put in
214 people's eyes. That's biotech.

215 But that little group of people that were in Southern California, in San Diego, made
216 that possible. If they hadn't been here, if they hadn't been the investor – high tech
217 investor community here to begin with – then it wouldn't have happened here.

218 **CARUSO:** So do you know what they were investing in prior to some of the new
219 companies coming out during the 1980s? I mean everybody talks about Qualcomm,
220 but that's a very large –

221 **STANNARD:** Yeah, no, this predates all of that. I mean they invested in numbers.
222 They were just – they were making money, and they’d gone public in their own
223 companies. They had – compared to like Zuckerberg or something, didn’t have
224 anything like that kind of money, but they had money. And they were
225 entrepreneurial. And they made a practice of investing in little companies. And so it
226 was more than just my company they invested in. I don’t know the other ones. I know
227 Ken Olson’s made a lifetime of investing in different companies. One of the
228 companies he was invested in was Proxima, which was called Computer Accessories
229 at the time, and he ended up the CEO of Proxima, and he was investing in that
230 company at the time.

231 So it was a little group of people that were nurturing that. Not because they were
232 altruistically nurturing. They were nurturing because they just kind of liked to do that
233 sort of thing – to invest in technology companies. And there were lots of them that
234 were starting to spring up. That whole area east of 805 along Sorrento Valley Road
235 and Mira Mesa Boulevard was built right as we got started. We rented one of the first
236 offices ever built there, and the road didn’t go all the way through. But there were
237 other companies that we, I guess, interacted with often in the other guys’ portfolios
238 that we would do things with, and it was just sort of getting started around that time.

239 **CARUSO:** Okay. So can you take me just a little bit beyond that period in terms of
240 how the landscape started to change in terms of the startups in the area? I know that
241 during the 80s, at least in the biotech sector, there’s an increase – hundreds and
242 thousands of percent increase – in terms of who’s there. I think by the early 90s there
243 were over 150 companies. So I’m curious to know how the landscape was changing,
244 and whether or not – I’ve heard people discuss that there was a lot of collaboration
245 that went on, not just within your own sector, but across sectors during that period of
246 time. So I was wondering if you had experiences with that or thoughts on that.

247 **STANNARD:** Yeah. Looking back, that period in the early 1980s was just a booming
248 time. I mean it was just an incredible dynamism in the economy we don’t see today.
249 All of that development, just real estate development, that went on out in that area –
250 you wonder how they would fill those office buildings, but they did. And by the time
251 we got to the mid-80s, we were still over in that area east of 805. So Linkabit was
252 there. That’s the precursor to Qualcomm. HNC. I remember going over – to HNC,
253 someone said, “You should go talk to these guys, see if there’s something you could
254 do together.” Going over to a little office in that same park and talked to HNC.

255 And we're talking about maybe 1,800 square feet of office that they had there.
256 Computer Accessories. We actually did do some work with those guys, who
257 eventually split up. They became two companies. A company called Brooktree, which
258 was a chip company to make RAMDAC's, whatever a RAMDAC is. And one of the
259 investors in my company was an investor. Myron Eichen was an investor in
260 Brooktree. So we actually did some work for Brooktree, as a software company, and
261 wrote some products that they ended up using. So yeah. There was lots of stuff going
262 on. Probably more than I remember, actually, because it was not uncommon to go
263 out trying to find some sort of cooperation that you could do, and some worked,
264 some didn't.

265 **CARUSO:** And what is it that you wanted to accomplish with – this was still
266 Megahaus at the time, right?

267 **STANNARD:** Yes.

268 **CARUSO:** What is it that you wanted to accomplish with Megahaus in terms of –
269 were you looking to develop an extremely large company –

270 **STANNARD:** Yes.

271 **CARUSO:** Were you looking to.

272 **STANNARD:** So this was the game plan back then. Probably not quite the same
273 today. I mean companies would develop a product, get some traction, reach about
274 maybe 10 million in sales, and go public. If you went public, then you got your stock
275 was worth something, your investors' stock was worth something, and that was the
276 goal. So it was very common. And since Sarbanes-Oxley, nobody's going to go public
277 unless they've got \$100 million or more. So different deal then. People went – and a
278 lot of people lost a lot of money in a lot of companies that went public. I can think of
279 a few. And there were times when it was kind of like now where there's just a really
280 active IPO market, and people would go for it because they could close up any time.
281 It would come and go.

282 And there was some real turkeys that went out during that period, particularly
283 amongst PC software companies. But my company ultimately was not successful,
284 Megahaus. It was in business for seven years. We never really got the critical mass or
285 traction. We were profitable for times. We were unprofitable other times. But we

286 never really got the traction that we needed to do that. And then window closed, or
287 whatever, and so we raised money in several rounds, and in the end, one investor
288 ended up owning most of the stock, made a loan to the company, and then foreclosed
289 on the company and took ownership of that. And then we closed it down. We didn't
290 formally go bankrupt. He took it.

291 And then I worked out a deal with him to try to monetize the software assets that we
292 had through another company I started. And then I went off and did other things. So
293 ultimately it was not successful, but the goal was to be a big company. The goal was
294 to go public. The goal was to get \$100 million in revenue, blah-blah-blah. And so but
295 you had to make money back then to do that [laughs].

296 **CARUSO:** Was that the general attitude of most people –

297 **STANNARD:** Yeah.

298 **CARUSO:** Who were starting the companies, was it that they wanted to develop
299 something big?

300 **STANNARD:** And go public. That's why people would invest. Otherwise they
301 wouldn't do it.

302 **CARUSO:** The reason I ask the question is a lot of the discussion today is you develop
303 a company not because you really want it to grow, but because you want it to be
304 purchased by some larger –

305 **STANNARD:** This is the equivalent of going public today. Because of the changes
306 that have been made – particularly it's Sarbanes-Oxley that did it in. It's no longer
307 viable for a company that unless it gets really big to go public. The costs are just too
308 enormous. And so the only exit, the common exit, the thing everybody wants now is
309 to be bought by Facebook, Google, or somebody for an outrageous amount of money.
310 Well, what you wanted back then was to go public and then for an outrageous
311 multiple, and sell your stock. And they don't do that. I mean it's a different deal. But,
312 yeah, it's still the pot of gold at the end of the rainbow, right?

313 **CARUSO:** Do you have a sense for why so many places started to or wanted to start
314 their startup in the San Diego area? I mean it was a relatively – I know you mentioned
315 there were venture capitalists around which helped you, but it's –

316 **STANNARD:** They were pretty lean on the ground compared to, say, San Francisco at
317 the time. As far as a real venture capitalist in San Diego, there weren't any in the
318 1980s. I mean if you wanted institutional money, you went up to Sand Hill Road. And
319 they were not that keen on investing down here, because it's kind of why have to take
320 an airplane ride when I've got all the stuff I need in Silicon Valley? So it was what are
321 now called angel investors, although that word had not been coined back then, that
322 were doing the investing here, largely, until later in the 80s, and then they did attract
323 some outside money – particularly the biotech.

324 **CARUSO:** But do you know what the draw was, then, for people to come here, if the
325 money wasn't –

326 **STANNARD:** I don't think it was a draw. I don't think anyone moved here to start a
327 startup. It was because they were here. Like me. So you could see the sort of family
328 tree a bit. Obviously, there was that big biotech thing that went out early. I'm trying
329 to remember what the name of that company was.

330 **CARUSO:** Hybritech?

331 **STANNARD:** Yeah. That was it. And that got the whole biotech thing going. And
332 obviously you had UCSD. You had a strong biotechnology source of science there.
333 Obviously Qualcomm was from a UCSD guy. I mean both professors there. And the
334 software stuff was just people who were here – students. One of the things – here's an
335 example. So one of the things we did at Megahaus, when I started the company, we
336 were writing software for the IBM PC and for the Apple II. Within a year or so, 1983,
337 of starting the company, Apple came and knocked on our door. In fact, Guy
338 Kawasaki, the famous evangelist for the Macintosh, and said, "How would you like to
339 write software for a special computer that doesn't use a keyboard, uses a mouse?"
340 And we said, "Fine." And it was the Macintosh.

341 And they found us because we wrote software in an Apple language called UCSD
342 Pascal, which was the only really compiled language to use on an Apple, and was a
343 product of UCSD, and it was meant to run on all platforms. And there was a company
344 here in town called SofTech Microsystems that commercialized UCSD Pascal. Well, it
345 turns out that a lot of the people that worked on the Mac were from UCSD, and they
346 wrote their own version of that language to run natively on the Macintosh. And if you
347 wanted to write for the Mac, you had to write in Pascal, and so they went out and
348 looked for people that were already writing in Pascal, and that's how they found us.

349 So some of the other people that came later for the – there was quite a few Macintosh
350 software companies in San Diego when it got started. Silicon Beach and some others.
351 There was a pool of talent here that already was familiar with those languages
352 because of the UCSD connection. They had a computer science department. That’s
353 what their graduates learned to write in. So I think they didn’t really move here to –
354 they came here. They were here because of the university or they were here because
355 of other technology companies and it just spun off from there. I was here because of a
356 technology company.

357 **CARUSO:** Right. During this period of time, obviously UCSD is providing individuals.
358 People come, they graduate, they stay. Was there any active involvement from the
359 university in trying to –

360 **STANNARD:** No.

361 **CARUSO:** No?

362 **STANNARD:** Not until CONNECT, which was started in the late-80s by Bill whatever
363 his name is, the guy who died.

364 **CARUSO:** Last name started, I think, with an O. Otterson?

365 **STANNARD:** Yeah, Bill Otterson. So Bill Otterson came around and recruited
366 Megahaus into this thing, in the early days. I still have, somewhere, a directory of
367 CONNECT, which is about 15 pages and has like 20 companies in it. And that’s like
368 [laughs] – and I’m one of them. In 1988. So that was the first time that really, in my
369 opinion, the university really started to try to become actively involved in the
370 technology.

371 **CARUSO:** And did you have a sense of why they were becoming active at that point?
372 I mean what was the purpose behind CONNECT? Maybe that would be a good way to
373 –

374 **STANNARD:** So here’s really what it was. It was – I can tell you what it was [laughs].
375 So for the first time in the late-80s, the rest of the community, the business
376 community, began to realize, “Hey, we’ve got this technology cluster here in San
377 Diego. We’ve got all sorts of up and coming little companies.” The law firms were
378 getting business to take companies public and to do placement of rounds and
379 whatever, and the service providers wanted a vehicle for which they could find young

380 companies to learn about and to latch onto so they could get their business. I mean
381 that's really what things like CONNECT and the software council and all of the
382 sponsors of service providers that _ want access to those companies.

383 So CONNECT was really the first organization, and was sponsored by Ernst and
384 Young, and lawyers, and other people that were involved in the technology business
385 but wanted to grow their practices. And I think the university wanted – I don't really
386 know what the university's motivation was. I don't know. I mean it was basically – the
387 university was lightly involved. They hired Bill. And they were sort of involved. But it
388 wasn't like we got visits from the professors or anything. It was –

389 **CARUSO:** So then what was – I mean I know that there were meetings that
390 surrounded – for Connect. What were those about? Like, what was happening at
391 those meetings where people just – Was it just, “Hey, nice to meet you, we should
392 work together”? Was –

393 **STANNARD:** No.

394 **CARUSO:** -there some active program –

395 **STANNARD:** There were a number of programs. Looking back now, I can remember.
396 I'm not sure at the beginning what there was. One of the things they were trying to
397 do was help small companies grow to bigger companies. Even get funded. There was
398 this thing that went on for many years called Springboard where you could go and
399 pitch your business plan to people. And they also had a business plan contest. The
400 financial conference. That was actually one of the first things they did, and I
401 participated in that a couple of times. So they would bring real VCs down from
402 Silicon Valley, and have San Diego companies pitch to them. And I remember
403 working with Bill Otterson and other people honing my pitch, my deck, as they
404 would call it today, for that conference, at least twice in the late-80s.

405 So that was certainly one of the things that they were trying to do. So they were
406 trying to just really foster the growth of the industry here. And, like I say, I don't
407 really know what UCSD's motivation was, if you think about it, but I know Bill
408 Otterson's. I mean he was a technology guy himself. And the service providers that
409 sponsored it, they wanted a thriving industry here to hook the clients.

410 **CARUSO:** Was there any – I mean one of the things that you need to really have
411 companies grow and develop is a – some governmental structures in place that sort of
412 foster development. Was the city of San Diego itself involving or doing things to –

413 **STANNARD:** No.

414 **CARUSO:** -assist with that development? No?

415 **STANNARD:** Not really. I mean there are plenty of things they could have done to
416 make it harder in terms of taxes and all those other things. But they were basically – it
417 was just like stay out of the way and let us do this. So they weren't really, in my view,
418 involved at all. There were various organizations. The economic development council
419 and so on. But I guess this will be public record, but in my opinion, they didn't –
420 there was – it would be like if you went out and danced up and down in the courtyard
421 and it rained and you said, "See, I made it rain."

422 **CARUSO:** So it wasn't – it was more happenstance than it was an active –

423 **STANNARD:** Right.

424 **CARUSO:** Okay. So you mentioned that Megahaus ended its life in '89.

425 **STANNARD:** Right.

426 **CARUSO:** And then you said that you moved onto some other things. So I'd like to
427 hear a bit about those other things.

428 **STANNARD:** Okay. So at the end of Megahaus, I decided – I had some good contacts.
429 I was the CEO of the company, but I was also the chief programmer. In that sense I
430 was both. And I really enjoyed programming. I still do. I was doing it right before you
431 stopped by here, actually. And I thought, well, I've got lots of contacts. I'll start a
432 company where we write software for other people who will publish it, and I'll get
433 paid a fee to do it. And I had some assets from Megahaus that the investor owned
434 that we agreed together to try to monetize. So I tried to find licenses and do
435 additional development on that and I split the revenue with the investor. And we did
436 that for – I did that for quite a while, and he got some payback from that.

437 But I developed my contacts and I ended up writing software for a number of
438 different companies. And I had two or three other programmers that I met along my

439 way. Some of them have worked for me at Megahaus. And I get them work. I was the
440 rainmaker. I did a lot of the programming. I was really good at that. It's something –
441 that sort of consultative thing. And it was a much more successful business than
442 Megahaus was. It was called SoftEngine. And the idea was that we developed reusable
443 software that we could use in multiple projects – the engines. And that – I mean
444 sounds such a common thing now, but it was not common at the time, this idea of
445 components.

446 **CARUSO:** Okay. So it's not just one large program, but you're developing with
447 packages?

448 **STANNARD:** Multiple programs. I wrote the org chart program in Microsoft Office. I
449 wrote another org chart program for a company called OrgPlus. I wrote an analysis
450 and graphing package for scientists called Prism, for GraphPad, which they still sell,
451 and a bunch of other projects. So I would write software for them for a fee. They
452 would package it, sell it. So they were outsourcing their development to me.

453 **CARUSO:** And what were they getting? I mean clearly they were getting something
454 that they could sell, but why weren't they – do you know why they weren't handling
455 that development internally?

456 **STANNARD:** Yeah. Because, like I said, I don't want to blow my own horn here, but
457 like I said, great programmers are born, not trained. I am really, really good, and they
458 knew I was good, and I could get all the work I wanted, because I could do it, and I
459 could do it fast and well. If you're in that business and you find a resource like that,
460 you want to keep that resource. So.

461 **CARUSO:** There's also the potential – and maybe some of these companies did offer –
462 instead of having you be a consultant, it might be better to have you an employee, so
463 that way all of your time is devoted to what they need.

464 **STANNARD:** Yeah. You can have that argument, but in particularly in Silicon Valley,
465 where some of these guys were from, if you lose your programmer, he's gone. If
466 you've got someone whose business it is to serve you, then that guy's going to be
467 there year after year after year, even if you're sharing him with someone else. Also,
468 software development at that level is feast or famine. You come out with a new
469 version, you don't do a lot for a few months. And I was expensive. So I charged like
470 \$1,000.00 a day. And so they didn't need me on the times when it wasn't that busy,

471 but when they wanted me, they wanted me. So it's like if you were an architect or a –
472 you'd have to be a really big developer to want to have an architect on your staff. You
473 see what I'm saying?

474 So that was kind of where I was at with that. And the people that worked for me also
475 – I didn't really have them as employees either. They sort of contracted to me. Those
476 were also really exceptional people. Some of the people now that work for me at my
477 current company and they are employees. But so we did. We were a boutique high
478 quality development house. That's what we did.

479 **CARUSO:** And you didn't want to take this to a different level, similar to what you
480 tried to do with Megahaus? You just wanted some –

481 **STANNARD:** Well, I did, but so here's what happened. Okay [laughs]. So if you've
482 just been on a ship on a storm and you nearly sank, you want to stay on dry land for a
483 while, okay? So the good thing [laughs] about this was I didn't have to worry about
484 whether distributors were going to send back \$500,000.00 worth of software because
485 they couldn't sell it or anything. I got paid. I arranged the structure so I was never out
486 of pocket. And it was good and steady and I made a lot more money than I made at
487 Megahaus and I was pretty happy with it for a few years. But just like if you've been
488 on land for a little while, you think, "I bet I could go for another voyage." [Laughs] So
489 I started to get itchy to make a product.

490 Also, if you're working by the hour, really, like that, then if you start – you go on
491 vacation, the biggest cost is you're not working. That issue of ownership, of sort of
492 equity, you don't ever sort of really build up. So I got itchy to do it again. And based
493 on my first experience, I didn't want any investors [laughs] and I didn't want any
494 employees. That was my first model. I really didn't want any investors. Because I'm
495 just very autonomous, and I thought, you know, I don't really want to go through all
496 that again. And I was a big user of online services. Online clients. I sent them
497 deliverables and everything using CompuServe and AOL. This is before the internet.

498 And so there was this collection of software that was up there called shareware,
499 where people would upload a piece of software for free, and it was free, and you
500 would, on an honor system, people would pay you. Usually, if they wanted a disk and
501 a manual, they'd send you \$30.00 or something. And so I had this pretty comfortable
502 living. And then I thought, I bet if I wrote this piece of software that I stuck up on
503 CompuServe and AOL, I could make a few thousand dollars a month out of that. First

504 of all, I'm a professional. Most of the stuff that's shareware is amateur. And I could
505 probably do really well at it, and it would be kind of fun.

506 And I had a product that I'd been trying to pitch to some of my clients, and they
507 didn't want it, which was SmartDraw, which is the company I have now, which was a
508 drawing program. So I had always written a lot of graphic software back for the
509 Macintosh, and in my opinion, Windows was just – I was writing Windows software
510 for some of my clients, and there was no good drawing package for Windows. It was
511 awful. So I thought, you know, I could write something that was like Mac Draw that
512 was a lot better than the stuff they have. So in my spare time, starting in 1993 – I also
513 turned 40 in 1993 – and I thought, well, "If you're ever going to do another product,
514 Paul, you better get off your duff and do it, because time is wasting, here."

515 So literally about a month after my 40th birthday, I started working on this product,
516 and I still had my other work to do, and it took me about a year to write it, test it,
517 document it, write help, all that stuff. And I released it in November of 1994 up on
518 AOL and CompuServe, and it was \$35.00 and \$49.00 – two versions – and I got a
519 \$49.00 order within 12 hours, and I was shocked. I thought it'd be out there for
520 months. It was pretty exciting. I did about \$1,000.00 worth of stuff in the first three
521 weeks, and then I had some people call me, and they wanted to license some things,
522 and do some deals, and within three months I was selling \$10,000.00 a month of that
523 product through there.

524 So software in the retail end of it is a bit like music in that you can write a hit or you
525 can write a miss – A hit is something you can't predict. It's like games. Someone could
526 write a game. There's 1,000 games, and one out of 1,000 games, everyone on planet
527 Earth plays, and you get 1 billion copies. It's one of those sort of things. Well,
528 SmartDraw wasn't that big, but it was something. People really liked it, and it just
529 took off. So I thought, "Great, I've got no investors, I've got no employees, I'm pulling
530 in this cash every month." My wife and I would sit on the floor and put diskettes into
531 envelopes and keep track of it. And then we wanted to go on vacation, so we had to
532 hire someone to come in the house and fulfill the orders while we were gone.

533 It was one of my wife's friends. So we did that. And so it was great. Went on for about
534 a year or so, and then the internet came along, right as we first released it, in early
535 1995. There were – The first web browsers started to appear. Well, this shareware –
536 you couldn't cripple. You had to have a full version. Because AOL made money when

537 people downloaded it. So they had strict rules to make it as disadvantageous to the
538 author as possible, and advantageous to the customer they were charging to
539 download the software. Well, on the internet, that wasn't true. I could make a trial
540 version that could run for a certain number of days and stop working.

541 **CARUSO:** Right. Like the 30 day –

542 **STANNARD:** The 30 day trial deal. Which is what I did. So I realized, I thought, “I
543 need to get a website, and I can put it up on the web, and then I can have a trial
544 version.” And so I created the first website, SmartDraw.com with Microsoft Word. It
545 had three pages on it. And I got traffic. And I got downloads. And within a year, 90
546 percent of my traffic came from my website and not from AOL or CompuServe
547 anymore. That shift to the World Wide Web, away from the online services,
548 happened that fast. It was instantaneous as it took off. People just shifted over. So,
549 again, SmartDraw, just me, I went through all the stages of internet marketing, kind
550 of learned it on the fly. One day I had a whole bunch of traffic come to my site. I
551 thought, “This is great.” And this was in in 1995. Windows 95 had just come out.
552 Windows 95 version. And I could see where it came from. And it came from some
553 guy's – RandysWindows95.com.

554 Well, actually, not dot com. People didn't have dot coms back then. They had a page
555 on their ISP's dot come. So Connectnet.com/Randys, right? Now, one of the things I
556 did with SmartDraw.com from the very beginning was to have a top level domain,
557 and it took me quite a while to find someone who would host a top level domain back
558 then. And I found someone eventually. Because I realize that the top level domain
559 was like your phone number. If you ever change that domain, ad you had a business
560 going, you're killed. So it was clearly important, so I did that. We had –
561 SmartDraw.com is one of the oldest top level domains. Anyway. Cut a long story
562 short.

563 I started getting this traffic. I thought, “This is great,” and then it stopped because I
564 wasn't on page one of his announcements. So I emailed the guy, and I said, “What
565 would it take to put an ad on your page?” And he said, “Oh, I could put a banner ad
566 on there.” And we agreed on the size. And I bought an ad. First, I was one of the first
567 people who ever bought an ad [laughs] that I ever met. I just bought an ad. So I put
568 an ad there, and guess what? I had a whole bunch of people come to the site. I
569 thought, “This is great.” So I got maybe 1,000 people came to the site day one, about

570 800 on day two, about 400 on day three, and pretty soon it was about 50 or 60. So he
571 had a certain audience, and as soon as everyone had seen the ad, I had got everybody
572 from that.

573 So, anyway, that was my first experience with advertising. But we did search engine
574 optimization. We did all the things as the web developed. I did, everything to try to
575 learn how to market on the internet. And it was successful. And it was really doing
576 very well. And I realized I had two businesses. I had this SmartDraw business that
577 was really taking off, and my existing Soft Engine business. Very busy. I was just
578 burning the candle at all ends here. And one of my clients who I finally admitted I
579 had this SmartDraw product to – he was pissed off at first, because he felt like I
580 wasn't giving him full attention, but we're still friends.

581 Harvey Motulsky. He runs a company called GraphPad and still does. He said to me,
582 "Why don't you hire someone to handle all the business of SmartDraw, all its tech
583 support, all of the website, and you would probably make twice as much money on
584 the thing. You'd be able to, you know." And I thought, "He's right." This was in 1996.
585 So I hired my first real employee in the beginning of 1997. And my wife kicked me out
586 of the house and told me to get an office, because we had the garage full of manuals,
587 my office, the office where we did all the shipping from, and she said, "Enough."
588 [Laughs] So I got my first office in the beginning of '97 and I decided I need to
589 unwind the other business.

590 So I gave all my clients like a year's notice and said, I'm going to stop doing this.
591 You've got a year to find someone else. I'll do whatever you want me to do during
592 that period, and then I'll gradually stop as you find someone else. So I was unwound
593 by the beginning of 1999.

594 **CARUSO:** So in this period where you're kind of more out on your own, were you still
595 involved in what was going on more generally –

596 **STANNARD:** Yeah.

597 **CARUSO:** -in the industry? And I mean –

598 **STANNARD:** Actually I was probably more involved then than I am now. Right as I
599 was starting SmartDraw, a group of people got together and wanted to start a
600 software industry group, and it was called the Software Council. And I was real

601 interested because working on my own it was kind of isolated, lonely. I mean I'd talk
602 to my clients, but I wasn't really involved anymore in that. So I actually got pretty
603 involved. Me and James DeLapa, Jim DeLapa, were the first membership chairman.
604 So we went to all the meetings, and I was involved in the development of that. I know
605 all the people that were involved. And it was a lot of fun for me, because when you're
606 sitting there every day by yourself, it's kind of isolated. So it really opened up my
607 contacts again with the industry.

608 **CARUSO:** What was the purpose of the Software Council?

609 **STANNARD:** A bit like CONNECT, but just for software. So in fact it began because
610 CONNECT talked about doing something with like a software group within there,
611 and then engineers and people being what they were, they wanted their own group,
612 right? So they didn't do it under CONNECT. They made their own Software Council.
613 And it put on programs for the software industry, and it did a lot of good stuff for a
614 number of years. And I was involved pretty heavily. I was chairman in the late-90s.
615 And I hired the first professional sort of chair, the first real – We had sort of a person
616 who ran it who was sort of a – I don't want to say 'secretary', because she was very
617 good at what she did. But she wasn't a policy maker. And we had chairs of all these
618 different groups. And basically volunteers don't follow through.

619 So when I came on board and ran it, I got frustrated. And it was big enough at that
620 point that I thought what we really need is a real professional that would actually
621 manage it, policy, not necessarily be the policymaker like the board, but really the
622 guy who runs it, a professional person to run it. And so we did that. And we had
623 someone in that role. I think it's folded up now. But I was instrumental in bringing all
624 the people – the final guy that ran it, also – onboard in doing that. Anyway. So that. I
625 was involved that way.

626 **CARUSO:** Okay. And I mean you've mentioned this a few times. The internet. Or,
627 easier, I should say easier access to the internet in the late-90s. That's when it came
628 about. How did that change the software industry? And in the San Diego area, but
629 also more broadly? I mean what sort of impact did it have? I mean for you, you were –

630 **STANNARD:** It was my business.

631 **CARUSO:** Right.

632 **STANNARD:** First of all, the industry council, we became the software and internet
633 council for a while, so people saw the internet as an extension of software, but in fact
634 the internet is of course much bigger than software. It doesn't really – software and
635 the internet – it's like software is a piece of the internet, not the internet is a piece of
636 software. It was the other way around at the time, the thinking, which is why I think
637 they took it off again, a few years later, or we decided to drop it again, because it
638 became clear that that was the case. I think what the internet did – and I'm an
639 example of this. I'm a very early example of it. It lowered the cost of entry into the
640 software business dramatically. When I started in 1982 with Megahaus, I had to raise
641 money to hire salespeople to build product to create inventory to go to trade shows
642 to do all of that the way things used to be done.

643 When I started SmartDraw, I simply uploaded a piece of software to a bulletin board,
644 and then eventually the internet. I didn't need any employees. I didn't need any
645 capital. I put \$1,000.00 of capital into SmartDraw, and that was to pay the corporate
646 taxes and incorporate it. That was it. So it just lowered the barrier to entry,
647 dramatically. And now, of course, software is not even really software. I mean you can
648 create a site that's software that does things. So.

649 **CARUSO:** Right. And in terms of – were there different types of software companies
650 that were coming up during this period of time in San Diego? Were they focused
651 either on specific aspect of computer operations? Was it just like a wide spectrum of,
652 “We're doing all these different things”?

653 **STANNARD:** It was just an explosion of software of every kind through the whole
654 90s. I mean there were security companies. There were app companies. There were
655 vertical companies. I mean it was just – they were coming out of the woodwork by
656 that time. And, again, I think it's because, obviously, look, there's two things going on
657 here. One is the rise of the PC, before the internet. When I started in '82, there were
658 software companies, but it was still pretty new. You saw the explosion of use of
659 personal computers, and then eventually windows, and all of that, through the 80s
660 and into the 90s, and it just created a huge market for software to do everything. So
661 there were just a lot more software companies doing all sorts of things that no one
662 would have thought of or even could have done earlier. And the internet just really
663 just created one more push and layer on that, because it made it easier to distribute it
664 than it was before.

665 But I think really the drive of the software was not so much, in the 90s anyway, was
666 not so much because of the internet in terms of things that the software could do.
667 Most people weren't writing software for the internet in that sense. They were still
668 writing what we would call desktop software today, but the internet made it easier for
669 them to distribute it and lower the barrier for entry. I don't think you really got into
670 real internet software until really the very late-90s and into this decade. I knew some
671 guy that had "chat" and some other things that they would do, but.

672 **CARUSO:** So you start SmartDraw. Clearly, it's taking off. You have to move out of
673 your house and into a real office. Can you tell me a little bit about how things
674 progressed for you thereafter?

675 **STANNARD:** Yeah. Yeah. So we moved into a very small office. Two rooms and a
676 lobby. And my first employee and I each had one of the rooms. And then we had the
677 various people who worked part-time pack and ship in the lobby. And that was all
678 going great. And I was still involved in my old business and gradually got out of it and
679 things were growing. And then things really started to grow. And then we decided I
680 would hire some more people. And I started to hire people to do more tech support. I
681 started hiring people to do more selling. And I needed a bigger office. And so I
682 looked. It took me a while to – In fact, so it was growing fast enough at that point, or I
683 made the decision to really start to push it, that we ended up with seven people in
684 that little office, because it took long enough – Also, finding office space was not that
685 easy back then.

686 Again, the economy was really booming at the end of the 1990s. So we finally found
687 some space elsewhere in Scripps Ranch, which is where I was at the time, about 4,000
688 square feet, which was a huge – I think we had 800 where I was. So it was a big step.
689 This is right about 2000, beginning of it, we moved in there. Hired some more people.
690 All of our servers and everything were two PCs run in a closet at that time. We
691 decided that we really need to get a real somewhat managed PC or something in a
692 collocation facility. We really didn't have – I've gone through – I was in Vistage for a
693 while. By the way, that was very helpful. That's a CEO organization.

694 I joined it right about that time, because I realized, again, I said was bad when I was
695 at Megahaus in terms of hiring people, well, I was just as bad. I really had no idea how
696 to do this stuff. And now, with two employees, it's not a big deal. You start to get to
697 seven or eight, and you start to have to hire people, and you start realizing your own

698 limitations. At least the second time around, I realized I didn't know what I was
699 doing. So I went to one of my mentors. In fact, Ken Olson, one of my original
700 investors in the first company, who we remain friends, and I said, "What should I
701 do?" And he says, "Call this guy. Join Vistage." And it was his Vistage group chairman.

702 And I went there and I learned a tremendous amount. And I learned how to hire
703 better. I learned how to run a business. And I also learned that a business goes from
704 the guy that started it with a few helpers to eventually having structure. And you
705 push down. You give up your job. And you have someone whose responsibility is to
706 do something you used to do. So the SmartDraw development was really from about
707 2000 on, trying to build an organization. So I eventually hired someone who was
708 actually skilled at running the website and the IT. I did all that stuff myself back then.
709 I hired people who would really sell. I hired people who would do the accounting.
710 And sort of started to take this – you go from this do it all yourself, to where there are
711 people who do the little – specialize in skills.

712 The first group of people I hired – again, we were a real small company back then –
713 were young, smart people who I could sort of train or had some skill level. As the
714 second wave of people I hired, which were further into the 2000s, were now people
715 who had existing skills beyond mine they could bring to the party. And the stage
716 we're at now is I've got a really well – I've got an experienced organization. I don't
717 even have to be there if I don't want to be there. So I actually spend a lot of my time
718 now working on the software, which is my first love. I can keep in touch with what's
719 going on through email and so on. And I work in the office two days a week, I work
720 here three days a week, and I've got really a competent organization. It's taken me
721 about 10 or 15 years to build that. And I would have never done it had I never learned
722 that that's [laughs] what you're supposed to do. So.

723 **CARUSO:** So how has your relationship to the community, technology community in
724 San Diego, changed over this past decade then? I mean you became sort of re-
725 involved in those early years, but now it kind of sounds like –

726 **STANNARD:** I'm not all that involved anymore, really. Why is that? I'm a person
727 who, like I said, I've always been very independent. I'm really focused on what I'm
728 doing. Now that I have a group. I mean I have an organization now. I have 30 or 40
729 people in the company. I don't have the isolation. I don't need the socialization in the
730 same way that I needed it before. And for a while – I've done various things but I find

731 – I'm really bad about this kind of stuff – I find it just distracts from what I really want
732 to be doing. But I do read a lot. I do stay involved with what's going on, but I don't
733 need to go to some trade group anymore. I can do that through the internet. I can do
734 that through the other people, younger people, whatever, that work for me. So I'm
735 just I guess not as involved on a face to face level as I used to be. Is anybody?

736 **CARUSO:** Probably not.

737 **STANNARD:** Because you just don't need to be in the same way that you did back
738 then.

739 **CARUSO:** Then again, this is also coming from an oral historian who – I mean we
740 could do phone interviews, but there is something different about being in person
741 and talking and –

742 **STANNARD:** Yeah, right. There is.

743 **CARUSO:** -things like that. But, yeah, much is mediated through that the internet
744 and through computers, much more, much more now. Now, I actually only have
745 essentially two more questions. And the first one is – just I've asked you a few times,
746 but I'll just try to get – I'll ask just one more time, since the timeframe we've been
747 talking about has progressed. What are your impressions of the overall community,
748 technology community, in the San Diego area, now, compared to what it was like
749 when you were sort of going through the early stages? Is it more vibrant, is it less
750 vibrant, is there more involvement from the university, is there less involvement from
751 the university, or is the involvement different?

752 **STANNARD:** It's like night and day. I mean it's so different as to be almost
753 unbelievable. So there was – compared to – today, compared to 1982, is like 1,000 to
754 one. First of all, there's a huge technology community in terms of – I mean we've got
755 Qualcomm here, we've got other biotech companies here. I mean in terms of large
756 employers, those just didn't exist in 1982. The pool of talent that you could pull from
757 here is just massive now compared to what it was. The involvement of the universities
758 and other institutions here, huge compared to what it was. I mean everyone sees it
759 for what it is in terms of a huge driver for the economy. I mean you've got just – I
760 mean there's a business school here now. The Rady School. None of that stuff existed.

761 So it's been a massive success. I mean if you want to look back over the last 30 years,
762 it'd be like if there was sort of a plowed field in a hut, and now you have a Manhattan
763 by comparison. There's just no comparison. And the breadth of stuff that's here now,
764 there just wasn't.

765 **CARUSO:** Are there any things that –

766 **STANNARD:** That's another reason, maybe, why I'm not so involved in it. It was a
767 really smaller community back then, so I really did know virtually everybody that was
768 in it, to some extent. And now it's like being in a small town versus being in a big city.

769 **CARUSO:** Right, so, since it's thriving, you don't necessarily have to be out there as
770 much.

771 **STANNARD:** Right.

772 **CARUSO:** Are there any things that you might consider – or is there anything that
773 the area currently lacks that you think it really needs in order to make sure that this –
774 these companies can continue to develop, can continue to grow? I mean are there
775 very – do you see very large companies here? Are they still relatively small? Is there
776 some sort of barrier to growth?

777 **STANNARD:** They're still relatively small. I mean Qualcomm is an exception, and it's
778 become just an enormous company. But other than Qualcomm, the typical pattern is
779 that a company gets to a certain size and it's bought. I think it isn't that way in Silicon
780 Valley, but I think that California is just not a good place to have a certain size
781 company. The business climate costs and other things here tend to make people want
782 to expand elsewhere. So I think that it's less what San Diego can do, and more what
783 California can do. I think California could have a much more friendly climate from
784 that point of view. They're blessed with abundance. They've got great weather.
785 They've got great universities and a great culture of entrepreneurship and
786 adventurism. But it seems like they're working pretty hard to kill it [laughs] as hard as
787 they can. So.

788 **CARUSO:** Okay. The last question I have is actually kind of to turn things to you. I
789 come in here with a series of questions that I want to ask. You have some knowledge
790 of what this is supposed to be about. Is there anything that I have not asked that you

791 would like to talk about that you think is relevant? And 'no' is a completely
792 acceptable answer, I just thought I –

793 **STANNARD:** Let me just think about it for a second.

794 **CARUSO:** Sure.

795 **STANNARD:** The only thing I would say is that my impression is that all this stuff
796 grew up fairly spontaneously. It wasn't like there was some guy making it all happen.
797 I think part of it is just the enormous technology explosion in the whole world over
798 the last 30 years. And San Diego is just a great place to live. UCSD and the start that it
799 got from General Atomic and some other – Hybritech – with the wave that it was
800 riding allowed it to just become a great technology center, because of many of its
801 natural assets. So I think to keep it going is like planting a garden. Just make it well
802 fertilized and don't go trampling on the seedlings [laughs] and it'll be fine. So.

803 **CARUSO:** All right.

804 **STANNARD:** Good. Thanks.

805 **CARUSO:** Well, thank you very much.

806 **STANNARD:** You're welcome.

807 **END OF INTERVIEW**

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The San Diego Technology Archive (SDTA), an initiative of the UC San Diego Library, documents the history, formation, and evolution of the companies that formed the San Diego region's high-tech cluster, beginning in 1965. The SDTA captures the vision, strategic thinking, and recollections of key technology and business founders, entrepreneurs, academics, venture capitalists, early employees, and service providers, many of whom figured prominently in the development of San Diego's dynamic technology cluster. As these individuals articulate and comment on their contributions, innovations, and entrepreneurial trajectories, a rich living history emerges about the extraordinarily synergistic academic and commercial collaborations that distinguish the San Diego technology community.