

David Titus

Interview conducted by

David Caruso, PhD

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SAN DIEGO TECHNOLOGY ARCHIVE



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David Titus



David Titus became President of the San Diego Venture Group (SDVG) in April 2011. He is also Managing Director of Windward Ventures, an early-stage venture fund focused on Southern California technology companies. Mr. Titus founded Windward Ventures Management, LP in November 1997. Mr. Titus co-founded Windward Ventures in 1993 and served as its Managing Director. He is Co-Founder and Managing Director of Windward Ventures 2000. Mr. Titus was responsible for directing the overall development of Windward Ventures and for a number of investments in the software field. He serves as the President at The San Diego Venture Group. He also serves as the Managing Director of Strategic Initiatives at San Diego Regional Economic Development Corporation. Mr. Titus was a General Partner and Managing Director of Corporate Finance for Technology Funding, where he was responsible for directing all new investment activity from 1988 through 1992. Prior to joining Technology Funding Inc. in May 1986, he was a Co-Founder and Senior Vice President of the Technology Division of Silicon Valley Bank. Mr. Titus has been a Director of over 25 companies, including two public companies. He serves as a Director of several private companies, including Akonix Systems, and Xifin, Inc. Mr. Titus has been a Director of Skydesk, Inc., since March 1998. He serves as a Member of the Venture Capital Advisory Board of the San Diego Venture Group. He served as Director of Nirvanix, Inc. He served as Director of Synticity, Inc. He served as a Director of Shaman Pharmaceuticals Inc. since April 1999. Mr. Titus is also a Member of the Executive Committee for the CONNECT Program in San Diego. He was formerly an Officer of the Western Association of Venture Capitalists. Mr. Titus earned a B.A. in Economics from the University of California, Santa Barbara.

Source: SDVG website and Bloomberg Businessweek



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INTERVIEWEE: David Titus

INTERVIEWER: Davis Caruso, PhD

DATE: August 1, 2014

1 **CARUSO:** Today is August 1, 2014. I'm David Caruso, here with Dave Titus. We're
2 conducting an interview session for the San Diego Technology Archives Oral History
3 Project. Thank you again for agreeing to meet with me and taking some time to talk
4 about your experience with the San Diego technology sector and its development
5 over the years. I'd like to start with a little bit of your background, where you were
6 born, grew up. If you were the San Diego area, what part of it were you in, or if you
7 were outside of San Diego, where you were.

8 **TITUS:** I'm a native Californian. I grew up in Los Angeles area. I'll give you the
9 abbreviated version. I went to school at the University of California, Santa Barbara.
10 From there, I went up to the San Francisco Bay area for about 12 years. While there, I
11 helped start Silicon Valley Bank, one of the leading banks to the technology
12 community. Subsequently, I got into the venture capital business. In the late '80s,
13 early '90s, I started coming down to San Diego to look at potential investments, go to
14 the CONNECT Financial Forum, get harangued by Bill Otterson to come down more
15 often. You're smiling because Bill Otterson's a name you've already heard a lot of
16 times.

17 **CARUSO:** Oh, many times. Yes.

18 **TITUS:** In 1991, I decided to move down here and I tell people it was epiphany week
19 because I was coming down one morning on Southwest Airlines before it was
20 popular. There were six passengers on the plane, four of them were venture
21 capitalists coming to San Diego. So for a lot of other personal reasons as well, I came
22 and moved here. I spent a year or so commuting back and forth to the Bay Area
23 before ending my venture capital roll up there and being down here in San Diego.

24 **CARUSO:** So what first got you interested in venture capital while you were still in
25 the Bay Area?

26 **TITUS:** I went to work in Palo Alto in 1980, so it's kind of like being an engineer in
27 Detroit in the '50s. We were surrounded by HP, an early biotech called Alza. I made a
28 loan to the guy who opened the first Apple retail store, which was a franchise back
29 then. I made a loan to a fellow named David Lam, who started Lam Research, one of
30 the largest manufacturers of semiconductor manufacturing. I was just there. My first
31 call outside the office with my boss – boss says we're going on a call, I say yes boss –
32 was on a venture capitalist. So it's just all around me.

33 **CARUSO:** In the early days, at least of the personal computing industry, there were a
34 lot of skeptics about how popular a personal computer would be. Whether or not
35 people would be bringing this into their homes. I think a lot of people assumed it was
36 going to be a business machine. What about the industry attracted you to invest into
37 such things?

38 **TITUS:** You have to remember, I'm in my early '20s. So everything's bright and shiny
39 and new. Just like we see entrepreneurs today, I was probably the first generation that
40 had any form of computing in their high school classroom. It was an old ticker tape
41 machine that we used to create code and stuff. I think it was really just a combination
42 of being in the right place at the right time. I won't claim any great prescience about
43 what was going to happen. We like these things because the revenues were growing
44 and it was clear that there was a big demand.

45 **CARUSO:** How large was the field in terms of venture capital firms at that period of
46 time? Was there just a handful?

47 **TITUS:** If you go back to the mid-80s, let's take '86 when I first joined a venture fund,
48 it was a very small field. If there was \$1 billion under management collectively, I'd be
49 shocked. It's packed up, but I have here somewhere the Guide to the Western
50 Association of Venture Capitalists from 1990. It probably has 90 members, and that
51 was just about every venture fund on the West Coast at that time.

52 **CARUSO:** Do you know when that association was founded?

53 **TITUS:** When was WAVC founded? Good question. It was probably formalized in the
54 very early '80s.

55 **CARUSO:** Were you a part of that from the outset?

56 **TITUS:** Yes, I was. Your firm was a member, so our firm was. I ended up being an
57 officer of the WAVC for three or four years. The WAVC was basically a once a month
58 social club for venture capitalists. Where we would gather over lunch, just the VCs.
59 No entrepreneurs. No lawyers, accountants, bankers. There would typically be a
60 speaker and if you were a young wannabe venture capitalist, it was like you'd made it
61 if you got into the WAVC lunch crowd.

62 **CARUSO:** What were the speakers giving talks on?

63 **TITUS:** Typically on their company. It would be someone from Tandem Computer or
64 Genentech or someone just talking about what they were doing.

65 **CARUSO:** What did you wind up getting out of being part of that association?
66 Clearly, there are connections but it's also that you're connecting with individuals
67 who you're competing with, I assume.

68 **TITUS:** Yes, but venture capital is a very collaborative business, and particularly back
69 then when everyone was so small. So you were making connections because you were
70 likely, you wanted them to share their deal flow with you, you were sharing yours.
71 Kind of trading leads, if you will. You were seeing people that you were co-investors
72 with in a company. Once again, if you were new into the business, you were using it
73 to meet all the people you could.

74 **CARUSO:** What sort of, in your own firm, what were the companies that you were
75 interested in going after? Or how did you assess whether or not you should be
76 investing in a company at that time?

77 **TITUS:** I don't know that's change a whole lot. You're looking at how big can the
78 company be, how big is the market, how good is the team, and how unique is the
79 technology? You know, probably the biggest difference then versus today, for
80 example, is you didn't do consumer. I mean, if you could find a venture partner who
81 had any sort of consumer experience, it was extremely rare. I think there was one guy,
82 Phil Schlein at USVP, who been head of Macy's. Other than that, you did business-to-
83 business.

84 **CARUSO:** In dealing with new technologies, what I'm curious about is how, if you're
85 not in that sector, if you don't necessarily come with a scientific or engineering

background, how do you go about determining the relevance of that technology, that science, for potential development?

TITUS: Well, most people, particularly back then, did have technical backgrounds. As very few people can be an expert on everything or much more than one thing, so you would be relying upon your ability to network to experts. You'd be relying upon our customers interested. So there's no greater validation of, is something solving a problem and does it work than a customer says, "Yes. I am buying it, or if they make it, I want to buy it."

So it's really a combination of you would network for technology expertise and customers. But that's one of the many reasons why you would do investments jointly because you might be an expert in a particular field of telecom, while I knew particular field of software. So you have a company that looks really interesting and you know that it's my area of expertise, so you call me up and say, "Hey Dave, come take a look at this deal. I'd really like your opinion. Maybe we can co-invest in it."

CARUSO: What about when you didn't necessarily have that immediate access to expertise? If there wasn't someone that you knew via networks that would be able to assess the technology, were there other places that you would turn? Universities, were there specialists who just contracted themselves to do analysis?

TITUS: Yes. But I would say in general, you wanted to work in network because you wanted to know the person and kind of their realistic level of expertise. For example, University folks – all due respect, Larry – would be very good on technology and if you ask them, yes they would say, "Yes, you can make this." They might not think through, "Yes, you can make this. It will take five years of research and \$10 million to do that."

Whereas someone out of an operating company would say, "Yes, you can do it but it's not worth the effort because there's four other things coming along." So I would say in general, the trend was not to use what I will call "freelance technology assessment". Sometimes you did. Sometime some people did, but that was not the dominant.

CARUSO: Where were the individuals coming from that they were looking to start up these new technology ventures? I'm quite familiar with the history of Intel, with a lot of people who left Fairchild Semiconductor and wanted to start a new company,

and so you have individuals who've already been in some sort of technology industry saying, "We have something else that we could build. Let's go build it."

But with the number of startups that really started to take off in the '80s and through today, I'm wondering where the individuals were actually coming from. Was it they were in the industry and they had another idea? Are they coming out of academia realizing that publishing papers isn't that lucrative and so they have a chance to create something else?

TITUS: No, I would say, and once again, the market, the venture capital market and market of companies was really small until probably '96. In 1992, there were two new venture funds formed in the country. That was it. So you had a really small industry until the really post-internet boom. So yes, where people, they came out of Fairchild, they came out at Hewlett-Packard. The biotechnology world, on the other hand, tended to come out of academia.

Bob Swanson goes and recruits Herb Boyer out of UCSF to start Genentech. But for the most part, particularly on the technology side as opposed to life sciences, people were not coming out of universities. Even today, short of Stanford, that's still a really foreign concept at most universities, you know, when you say, "Are you going to leave university?" People look at you like you're crazy because it's the best gig they ever dreamed of.

CARUSO: So for the biotech industry, the people coming out, I guess I assume that with academics, they're not necessarily the best people to be starting a company. It's not necessarily their forte, right?

TITUS: Right.

CARUSO: In terms of investing in such firms, even if a technology looks good, was there a barrier to investing in it if there wasn't some sort of basic structure to the company?

TITUS: Sure, sure. That's why most, you know, when people say this company started out of UCSD or it started out of Stanford or started at wherever, in most cases, that is not, I'm a full-tenured professor, left my job and started a company with the idea that I would be CEO to grow the company. It is typically that there is technology that born of the University, there's a professor, or even more likely a grad student, who is

going to spend some of their time on it, but either they or someone else has built a commercial structure around that technology.

So when you hear, Larry Page and Sergey Brin from Stanford, they weren't Stanford professors, they were grad students. Grad students are great because they're used to working hard and they don't have tenure and all that, so they have nothing to lose if they go back and go and start a company. They'll just go back to be grad students again. So in all cases, they are needed to be some form of commercial structure built around that.

As I said, Bob Swanson, who was a, I think an investment banker originally, was a junior partner at Kleiner Perkins, he went basically recruited Herb Boyer, who was a scientist, to start Genentech. So Herb didn't go out and set up the commercial structure. He focused on the science.

CARUSO: In dealing with some of these startups, whether from industry or from academia, were there issues surrounding intellectual property? I can imagine people coming out of industry, bringing an idea with them that idea probably fermented within the industry that they're kind of leaving. With an academic institution, if you're professor and you've been doing work in research labs there, I'm assuming that the institution would want some sort of part?

TITUS: Yes. So every university has a technology transfer office. Research university of any size, and if you want to start a company, you go negotiate with the technology transfer office for a license to that technology. Universities are different. They're different through time. You know, sometimes it's a real pain and they have unreasonable demands. Usually not because they're greedy but because they're not understanding how the world works.

Other times they're very fluid. The University of California gets a fair amount of revenue from its patent portfolio. On the commercial side, trade secret theft lawsuits are not uncommon. Whether that's because there's truly been felt to have been a theft or because it's a really good way to squash a little start-up competitor by spending them into oblivion.

CARUSO: Were the universities always equipped with technology transfer offices? I know you mentioned that some are better than others and it has changed over time,

179 I'm just trying to get a sense of, in the early, or late '70s, early '80s, did most
180 universities have those offices already set up?

181 **TITUS:** You know that's a good question. I don't know. My experience was, if you
182 will, with the California universities, and they've had them as long as I've known. But
183 that would be an interesting question to ask the university. They would probably
184 have a feel for how long I've been going on.

185 **CARUSO:** So to focus a little more on the, or to focus on the San Diego area, you
186 mentioned that in the late '80s, early '90s, you started to make trips to San Diego.
187 What was the initial pull to make trips down there? Why was it interesting to you?

188 **TITUS:** Because we were busy doing what I would call "geographic expansion" of our
189 firm and our interests. So we went and it was kind of my role at the time, I would lead
190 the charge. So I spent three years going to Boston every other month and I spent time
191 getting to know all the venture people in Boston. I spent time going to Denver and
192 getting to know everyone in Denver. San Diego was the same way.

193 Obviously, San Diego had the advantage of it was pretty convenient to get here.
194 Much more convenient before 9/11 than it is today. So I'd be coming down here
195 making connections with people and looking at deals. CONNECT, at the time, had
196 the only event of its type, I think maybe anywhere. Certainly here in San Diego and
197 most places, called the Financial Forum, where you could come down in a day and
198 watch 20 companies pitch for your interest.

199 The venture business was different back then. There were a lot of us, if not most, who
200 are, as I call it, junk yard dogs. We did everything. We might do med tech deal one
201 day, do a software deal the next day. So you weren't as pigeonholed as venture
202 partners tend to be today. Where if you're the software guy, that's all you really want
203 to see, and even if you saw a great med tech deal and you were in one of the few
204 funds that do both, you wouldn't even bother to tell the other guy. But back then, we
205 looked at everything.

206 **CARUSO:** Boston I think, people think of Boston, when they think of technology
207 center, they do immediately think of Boston. San Diego, was that always the case
208 where people thought of San Diego as a technology hub or a place where startups
209 were?

210 **TITUS:** No, not at all. San Diego through the '80s, early '90s, was a military town.
211 What people thought of was the Navy. The amount of activity down here was,
212 particularly compared to today, very, very limited. But you had stuff coming out of
213 the university. You had some stuff coming out of the military. You had, back then,
214 really kind of some of the genesis of –, you had the Supercomputer Center at UCSD.
215 Our first deal with a spin out – not a spin out, but people from and associated with
216 the Supercomputer Center, for example.

217 **CARUSO:** So at what point in time in San Diego start... I'm not looking for a precise
218 date, but just a general time frame. When did San Diego start, at least on your map,
219 start appearing as a place to be interested in as a technology?

220 **TITUS:** Well obviously, on my map, it was that time. It was, you know, probably '88,
221 '89. It probably coincided with the efforts of CONNECT to promote what was going
222 on. If I was really doing archives, I'd track down the program from the first five
223 CONNECT Financial Forums and see what it said. You know, the San Diego Venture
224 Group, which I run, was formed in '87, I think. People were – here in San Diego –
225 were dealing with the fallout of the end of the Cold War and the economy here was
226 getting hammered with defense cutbacks. Commercial aircraft building was going
227 away. If you flew in an old DC-10 or MD-11, the fuselage used to be made next to
228 Lindbergh Field. So recessions create entrepreneurs.

229 **CARUSO:** Can you tell me a little bit about the CONNECT conferences once you
230 started attending them? You know, from the get-go you mentioned Bill Otterson, so
231 I'm curious to hear a bit more about CONNECT, about Bill and what your perception
232 of CONNECT was and what role it played for you, in terms of your development as a
233 venture capitalist down here?

234 **TITUS:** Well back then, CONNECT with the only place in town. Nowadays, we have a
235 number of organizations, many of which have actually spun out of CONNECT or
236 been directly inspired by CONNECT, but back then, CONNECT was the place in
237 town you went to – for the startup world – to find out what was happening. It was
238 what its name implies – it connected the University and companies to people.

239 The Financial Forum, which I think might have been started one year before
240 CONNECT took responsibility for putting it on, was a place where once a year, you
241 could come to San Diego and you could see 20 companies get up and give a five-

minute pitch and you could decide what was an interesting company for you to pursue investment in or learning more about.

CARUSO: So this was a group that came out of the university.

TITUS: It was part of the university at the time, but it was an independent in that it didn't get university funding. It had to support itself, as part of the Extension Program. They had a great team of people. Small. It was Bill and it was Barbara Bry and it was Carole Ekstrom. They all had fabulous energy. Bill was the consummate networker and promoter, in a very good sense. He would grab you by the collar and say, "Daniel, you've got to meet this." Or, "David, you gotta meet this guy." And, "Dave Titus, you've got to come down here often. You need to invest in this company over here." So you had this source where you could go and you could feel like you had covered 90 percent of the universe at the time by going to Financial Forum, by being plugged in with the folks at CONNECT.

CARUSO: Do you have a sense of what CONNECT was trying to get out of it? I understand that they have to raise money to support their programs, but what was the why?

TITUS: Why? Why? Because these were people that believed in San Diego. Not just those three people, but the folks who helped pull it together in the first place. Mary Walshok, Lee Rudy and others. Why? Because they felt it was the right thing to do. Because they wanted to have the University not be an island. You know, the University today, even geographically, is still a bit of an island, but they wanted the University to be engaged with the business community.

CARUSO: The University in what sense? Was CONNECT inviting professors to events?

TITUS: CONNECT was inviting anyone to events. It was located on campus, right in the middle of campus. They were responsible for large numbers of parking tickets. If you were a professor with an idea, someone on campus might send you over to CONNECT and they would try and help you. If you were a venture capitalist wanting to know what was interesting going on around town, you'd go talk to Bill. You'd talk to Barbara.

If you were a clueless professor, graduate student, community members who had an idea but not a clue on how to start a business, you'd go to CONNECT, either because they had something set up or they'd connect you, as the saying goes, with a business person who would take you under their wing before everyone in the world was deemed to be a mentor, they just would say, "Hey, help this guy out. You should meet this gal."

CARUSO: So they were trying to foster a sense of community and connections among individuals that didn't exist for the benefit of the community and also, maybe directly, or possibly indirectly, the University.

TITUS: Directly the University. Yes. No question about that, but they were not exclusive. It was not a, "Oh you're not on staff or an alumni, we won't help you." It's never been that way.

CARUSO: Have you been involved with CONNECT from the time you got here or has it waxed and waned over time?

TITUS: It's certainly changed over time and different relationships, whether that's been because I've been just active going to events or it's because I've been on the board or on executive committee or this committee or that thing. It's been a pretty steady part of my community involvement since I came here.

CARUSO: So the reason I asked the question is, because I'm also curious to know a bit about whether or not CONNECT has changed over time. Some of the people I've spoken with have said that, under Bill it was one thing and since Bill has gone through different iterations, it has a different feeling to it. I'm trying to get a better sense of what CONNECT did over time to grow and to develop, and how it has changed in light of new leaders.

TITUS: Sure. I mean, everything's changed, right? Its 25 years old. There's two things that they should have links to on the archives. One would be the CONNECT 25th anniversary video. The other would be a movie called Something Ventured, which is the early history of the venture capital business. So yes, CONNECT's changed. When Bill passed away...

You know, Bill had this great passion for life because he felt that every year was a gift. He had been given a death sentence by cancer and he outlived it by, I don't know, 10,

12, 14 years. But when Bill passed away and CONNECT went through what many of us call a near-death experience, they hired someone to replace Bill. I think it was a bit of an impossible job for anyone. The program financially suffered, as I said, having had a near-death experience, and then a group of people pulled together and we spun CONNECT out of the University, which is probably its most dynamic change. That would've been about 2004, 2005, I guess.

Hired Duane Roth to run it. Duane did wonderful things, but different things than Bill. You know, it became a much bigger organization, much broader reach and interest. Tragically, we lost another leader at CONNECT a year ago, and so we have a new leader. We'll get a new CONNECT. I don't know what it'll exactly look like. At the same time, the other big change is, as I said, CONNECT was the only thing in town. There wasn't Biocom. There wasn't, ComNexus.

There certainly were no incubators, accelerators, etc., like we have many of today. There wasn't the Wireless Life Science Alliance. If you were to talk to these, you know, CONNECT and the role CONNECT played had a big impact on either how those organizations were structured or even the... Marco Thompson will tell you that ComNexus, which began life, was a San Diego telecom council, was absolutely inspired by CONNECT. So it spawned its own network.

CARUSO: So has it, in some ways, become irrelevant now. If there are all these other things that are a bit more focused, and I'm assuming a lot of people are invested in those different organizations, is CONNECT something that's still viable, or has it served its purpose?

TITUS: I don't want to answer that question. That's a really big political question. Right now.

CARUSO: It's just interesting to see the trajectory of organizations over time. Right?

TITUS: Yes. That answer's not clear yet.

CARUSO: So coming to San Diego, and becoming part of CONNECT, meeting with a lot of the startups here, did you begin to develop a greater interest in, or a specialization in, one type of company? Sorry, one sector that you were interested in more than –?

333 **TITUS:** No, not particularly. I mean, you know some of the early investments I did
334 down here for both my fund and then as a consultant to a couple funds, we've done
335 scientific computer systems, which was what its name implied. A company called
336 Primary Access, which was in the telecom space. Medication delivery devices, which
337 was an infusion pump company. Idec Pharmaceuticals.

338 So this was still back when, in the venture business, you could do a little bit of
339 everything. As time went on and for a variety of reasons over the last 14 years, most of
340 my investing has been around software. But certainly, I don't think you could make a
341 go of it in San Diego in the early '90s being a specialist in just one field. Jim Berglund
342 at Enterprise did biotech, did a battery company, did software, and did a little bit of
343 everything. Bob Jaffe at Sereno did a little bit of everything. So I think that there was
344 not enough volume of activity to say, "I'm just doing this."

345 **CARUSO:** Have the individuals, the entrepreneurs, changed in some way over time?
346 Are you finding different demographics that are coming in with different levels of
347 experience? Are the entrepreneurs' vision for what they want to do different now
348 from what it was in the late '80s or early '90s?

349 **TITUS:** Yes, I don't know. Are entrepreneurs different? I say there are a lot more very
350 young entrepreneurs. You know, typically in the past, it was someone who had
351 worked for 5, 10 years in a large company and then was starting something more.
352 Nowadays, you get people starting things right out of school, for example, or before
353 they finish school. So that's probably the biggest change. They're certainly more
354 knowledgeable. There's so much more information available today about venture
355 capital, for example, about entrepreneurship, than there was back in the mid-90s. It's
356 hard for me to believe that the mid-90s were 20 years ago. But I'd say those are
357 probably the biggest changes.

358 **CARUSO:** I know from at least the individuals in the early startups, they were looking
359 to build a business. Not necessarily to become serial entrepreneurs, but to focus on
360 what they constructed and try to build it up into what they felt that it should be. A lot
361 of the recent commentary, at least, about entrepreneurs, it's more of the serial
362 entrepreneur. I'm going to start something and then I'm going to move on to
363 something else and then I'm going to move onto something else. Is that an accurate
364 characterization, or is that a bit -?

365 **TITUS:** I think one of the great marketing jobs of all time is the idea that Silicon
366 Valley is about changing the world. Silicon Valley is about making lots of money.
367 Now there's a little less of that in San Diego. We have some different attitudes or
368 gestalt here in San Diego. But if you look at the Valley, it's about making money.
369 Certainly venture capital has always been about making money.

370 People, the early venture capitalists didn't go into it to change the world. They went
371 into it because they thought it was interesting and it was an opportunity in the
372 financial markets to make a bunch of money. They were investment bankers. They
373 were fund managers. Reid Dennis worked at Fireman's Fund Insurance and left there
374 to get into venture capital.

375 Art Rock was an investment banker. So venture capital has always been about making
376 money, and I think more entrepreneurship is about that than the marketing would
377 like to let on.

378 **CARUSO:** I don't really have that many questions left, but one of the things that I did
379 want to ask about was whether or not the – whether you want to answer this from
380 your own personal experiences or commentary more on the general venture capital
381 field – has the role of the venture capital organization firm company changed in
382 relation to what it needs to do or how it needs to function within the structure of
383 supporting these new companies? Is it more heavily involved now? Is it less heavily
384 involved now? Are there certain things that are more important for a venture capital
385 firm to do to assist a startup?

386 **TITUS:** No, I would say the biggest change is that there is much greater diversity in
387 venture capital funds. Meaning, if you went back 25 years ago, they were all relatively
388 the same size. Small. Which meant they all did relatively the same strategies in terms
389 of how involved they were with companies, at what stage of investment, etc.

390 So I could take a profile, average profile, of the venture capital business in 1993 and
391 today, I could find 50 firms that look like that. But I could also find 50 other firms
392 that are very large and operate very differently. I could find 50 firms that are tiny and
393 operate differently. So I think the venture industry is less monolithic than it used to
394 be, and so any one fund or firm might be different than what firms looked like back
395 in 1990.

396 But that's probably good. You know, there's just all kinds of different flavors now. You
397 know, there's still people who will tell you, "Yes, our motto is we go in and we're the
398 initial CEO and we bring someone in." There are other firms that they aren't doing a
399 deal until there's \$20 million of revenue, which is a very different market. There was
400 no one doing what we consider late stage investing only back in 1990. Or maybe there
401 was, but I don't know who it was. So I think that's what's happened is the venture
402 business is less monolithic in its strategies and approach to companies than it was
403 back when it was a small, clubby world.

404 **CARUSO:** I have two questions. One is, has San Diego, the city itself, done anything
405 to help foster entrepreneurship company develop in the city over these past couple of
406 decades that you're aware of?

407 **TITUS:** Sure. It's done, you know the most visible example that most people don't
408 realize is the zoning of the Torrey Pines Mesa for research and development. So if you
409 go up onto the Torrey Pines Mesa next door to UCSD, you will find no retail, no law
410 offices, no banks. It is all research and development. So what brought this enormous
411 clustering concentration of firms, most of which today are biotech, or life science
412 oriented?

413 There's lots of debate, which is the biggest center? San Francisco, Boston, San Diego,
414 you know, relative size of the life science community. Regardless of that debate, I
415 would argue that nowhere is there a greater density than here in San Diego. That's
416 because the city actually zoned that land in that fashion.

417 **CARUSO:** Do you know why it did? I don't know if you're familiar –

418 **TITUS:** I don't. I was before my time. I don't know who argued for it or why they
419 thought, certainly the fact that it was next door to the University. But it's had a
420 similar effect to the Stanford Industrial Park up at Palo Alto.

421 **CARUSO:** My last question is actually just turning things over to you. Based on your
422 knowledge of the project and what I've described, I of course come in with certain
423 questions that I want answered, but that doesn't necessarily mean that the questions
424 that I'm aware of are the only questions that should be asked. So I just wanted to see
425 if there other things that you think should be discussed.

426 **TITUS:** Yes, I think having been in Silicon Valley for a dozen years, being down here,
427 spending a lot of time thinking and still being there, being here, is San Diego has
428 developed a very different psyche. One, as I tell people, we do hard things here. If you
429 look, particularly today, at some of the startups in Silicon Valley, you know the big
430 mantra is, give me \$100,000 and three guys, and in three months we'll have a product
431 up.

432 We do things that you cannot do in three months with three people. We do hard
433 biotech projects. We do hard software projects that you can't just do overnight. Why
434 do we do that? I don't know. I mean Qualcomm, the technology behind Qualcomm is
435 enormously complex. There were many experts who did not think it would work.
436 Who literally did not think it would be feasible to handle high volume of cellular
437 traffic using CDMA.

438 I don't know why it is that we have developed this fascination with doing the hard
439 things, but we do. That's meant we've missed some of the easy thing revolution,
440 right?

441 I'd say the other thing is that people here in San Diego, on average, are not self-
442 promotional. They're very low-key. They don't want to talk about something till it's
443 done because they might not be completely accurate. It's difficult because I tell
444 entrepreneurs, they're competing with the Silicon Valley BS PR machine and the level
445 of it that goes on every day is just dramatic.

446 I had some guys in my office here yesterday. "Oh well have you talked to customers?"
447 "Well we don't want to talk to customers until it's completely done because what if it
448 isn't exactly the way we say?" So I think we have developed this different psyche,
449 which is just very interesting. Is not necessarily good or bad, but it is very different
450 and it's a bit frustrating to the person who wants everything to be like the Silicon
451 Valley that they read in the press about. We're different here.

452 **CARUSO:** Would you say that the companies, as well, are different here? Is this a
453 pervasive...?

454 **TITUS:** Yes. Another way we're different. We are a town where a lot of companies get
455 acquired. I don't know, I've asked big company folks this and no one seems to own up
456 to it. If I was a large company, I'd want to acquire companies in San Diego because we

457 have an extremely loyal workforce. When a large company comes in and acquires one
458 of our companies, the people do not all scatter to the four winds in one year.

459 They stayed there. If you go to any other, you know, go to Intuit, which has a huge
460 operation here. Your TurboTax came from San Diego. People don't realize all things
461 came from San Diego. TurboTax, Flash came from San Diego. ProFlowers is San
462 Diego. All kinds of things. The people don't leave the companies. They stay there.

463 **CARUSO:** Even if they don't stay at those companies, from your just general
464 impressions, are they staying in the area looking for other companies or do they...?

465 **TITUS:** Oh, of course. No one leaves. I don't want to say no one leaves. People love...
466 I mean come on. You are from Philadelphia. Come February, where would you rather
467 be?

468 **CARUSO:** That's true.

469 **TITUS:** Okay. Or January? Or March? Or December? No, people don't leave. We've
470 had big brouhaha in the press recently because some private equity guys bought a
471 couple companies. Oh, they're moving them to Texas. Well they might be moving the
472 headquarters legally but the people aren't leaving. They're going out to all the other
473 startups. I mean, the startups in town are so happy. They have this great pool of
474 talent. So we have a very loyal workforce, which has a number of implications to it.
475 But it's very unique compared to what happens up in the Bay Area.

476 **CARUSO:** You'd say in the Bay Area, they tend to...?

477 **TITUS:** You know, there is no loyalty. People get a job – and I'm talking about the
478 venture high-growth segment of the market – they get a job, they start taking how
479 much their options are vested, and when those options are half vested, they are
480 starting to look for their next place. If the company is not going like a rocket ship,
481 they're looking for their next place. For sure, if the company gets acquired, you will
482 not find a senior management team member there a year later. There's a few
483 exceptions. Cisco's actually done pretty well at keeping the people it acquires at a
484 senior level. But I would say your average job tenure here in San Diego is much longer
485 than it would be in the Bay Area technology community.

486 **CARUSO:** Is there anything else you want to –? It's fine to answer no.

487 **TITUS:** I don't know. I just say. It's kind of fun to be on the list. So I'm looking at the
488 list of people who are in there and I think I know all but about five or six of them
489 there. I think the other thing about San Diego and the change you will see going
490 forward is we are going to go from a time of imports, i.e. everyone coming from
491 somewhere else, to we have the beginnings of the rise of the native class, if you will.
492 People who were born or, at the very minimum, went to school, college here in San
493 Diego and have never left. So that will be a big change.

494 If you look at the people here on the oral history list, people are from all over the
495 country and so you'll see people more and more the next generation will be native
496 San Diegans. That'll be an interesting change. I don't know what it will look like but...

497 **CARUSO:** So having the memory of how things have gone over the years instead of
498 just coming into an environmental that you then have to learn about.

499 **TITUS:** Yes. That's my future prediction.

500 **CARUSO:** All right, well thank you very much for your time.

501 **TITUS:** It's my pleasure.

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.