

Paul Stannard

Interview conducted by

David Caruso, PhD

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SAN DIEGO TECHNOLOGY ARCHIVE



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

7 **INTERVIEWEE:** **Stannard, Paul**

8 **INTERVIEWER:** **Caruso, David**

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11

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

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

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

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

27 And then actually a friend of mine in 1980 had an Apple II, and he showed me it, and I went over to
28 his house and played with it, and I decided to buy one. And my opinion of software and
29 programming changed immediately. I had that – because instead of waiting for – typing in my job,

30 waiting five minutes, walking down three flights of stairs, going in and looking at the printout and
31 seeing that I had a syntax error, and walking all the way back up the stairs – I could actually correct it
32 in real-time and actually get results immediately. So I was immediately hooked. So that's my
33 background, how I got involved in programming. And I was at S-Cubed from 1980 until 1982, and I
34 decided to leave in 1982 and start a software company. That software company was called Megahaus.
35 And I originally started the company to write software for the Apple II, and have been in the business
36 ever since. So that's kind of how I got started.

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

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

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

48 **STANNARD:** Well, chemistry I always enjoyed, but being British, I needed a green card, so I didn't
49 have a lot of choice in terms of who was willing to go through the arduous process of getting me one.
50 And my professor had a friend who he had graduated with who was working for this S-Cubed
51 company in San Diego. And they interviewed me, and they wanted someone with great, good
52 scientific understanding, and I was a good student, and they were willing to go through the very
53 arduous process of getting me in – and it took, actually, nine months. And eventually I got a training

54 visa and was able to start work. It really took a year and a half to get a permanent residence, the
55 proper paperwork all the way through.

56 I was able to work for nine months of that with a temporary visa, but it was – So I didn't really have a
57 lot of choice. So that company did more computer modeling than chemistry. It was really plasma
58 physics. Being a theoretical chemist, I was pretty comfortable with all of that stuff. But it wasn't
59 really my first choice as a job, and I never really enjoyed that job that much, but it was a start.

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

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

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

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

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

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

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

98 **STANNARD:** Okay. How did that happen? Okay. So, again, I wish to not bore the audience here,
99 but I'll go through [laughs] the details. Okay. So I was working at S-Cubed. I had conceived this idea
100 of wanting to start a software company for the IBM PC and the Apple II. The IBM PC had just started
101 to take off. And I had a friend who was a sales guy, and actually he sold solar heating, and all the
102 subsidies and stuff for that stopped in the early 80s. Anyway. Okay. He lost his job in February of

103 1982, and I was just itching to quit mine, and I said – actually, I did quit mine. I stand back. I decided
104 to become a PC consultant. And I talked to everybody I knew that was a professional, including my
105 immigration lawyer, and one thing led to another, but eventually I got a job writing a piece of
106 software to do inheritance taxes for an attorney in San Diego.

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

114 So these guys, of course, were not technically savvy at all, and didn’t know what software was, didn’t
115 know why Apple and IBM wouldn’t write all the software they could ever write – the idea of an
116 independent software industry was just lost on them. So that was just a waste of time. And then I
117 began to realize I needed to talk to people who were technically in the technology business. Pretty
118 obvious, now, but back then, for a 29 year old, it didn’t seem quite as obvious. So actually the guy
119 who was the CEO of S-Cubed, Vernon Blackman, was fired by S-Cubed. And he was probably in his
120 fifties at the time. And I decided – I’d met him once. I decided to call him up at his house and said,
121 “How would you like to become the CEO of my new software company?”

122 Because I figured here’s a guy. He’s an older guy. Knows what he’s doing. And has been CEO. And
123 he laughed. But he agreed to have lunch with the two of us. And he sort of mentored us through this
124 all. He goes, “You don’t want me as your CEO.” He said, “It’s a young man’s game. It should be one
125 of you two.” And he said, “You need to talk to some people.” And we had some guy we were working
126 with at the time. We were constantly looking for this CEO guy, and we wasted a lot of time talking to
127 people who were really unsuitable. And finally after about six months of this, I said to Vernon one

128 day, “What would it take to simply go raise some money to get this company off the ground?”

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

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

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

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

150 **STANNARD:** This is another comedy of errors. Friends and family, right? So there was a guy who
151 lived in the apartment complex who was a graduate of UCSD, or just was graduating in computer

152 science, and I hired him as my first programmer. And he was not very good. And I learned – I had to
153 fire him. First person I ever fired. And I learned that just because you’ve been to school to learn how
154 to program doesn’t make you a great programmer. Great programmers are very, very difficult to find.
155 You’re born a great programmer. And many of the ones that I still work, believe it or not, with some
156 of the programmers I worked with at that first company, they now work for me in my new company,
157 and I’ve worked with them for 30 years. Some of them haven’t even been to college, but they’re the
158 best you’ll ever find, and it’s a gift, like being a great musician.

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

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

164 **STANNARD:** Yeah, uh-huh. We would run ads. I mean back then there was no internet, so you
165 would put an ad in the paper and then interview people. And my friend, Paul La Costa, took care of
166 hiring sales people. He wasn’t very good at that, and he wasn’t very good at managing either. And I
167 took care of hiring the programmers. And I wasn’t very good at that, either. I got better at it, pretty
168 quickly, and I realized that what mattered was what they could do. So I actually made them do a test,
169 programming test, and that actually helped a lot. If they couldn’t pass my programming test – if they
170 passed it, they had a pretty good chance of being competent. And eventually how I hired people –
171 and I actually ended up with a great team of people there over a few years – is I would find one guy,
172 luckily, just by chance, essentially, who was really good, and then I’d say, “Who else would you, do
173 you know, who’s really good, who you’d want to work with here?”

174 And they recommended their friends. And they were a better filter than me. In other words, if you’re
175 really good at what you do, you don’t want to work with someone who isn’t very good. So, say, “Well,
176 I worked with Brian. He’s really great. Let’s talk to Brian and bring him aboard.” And they just did

177 my hiring for me after that. I still use the same technique.

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

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

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

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

196 **STANNARD:** Yeah, no, this predates all of that. I mean they invested in numbers. They were just –
197 they were making money, and they'd gone public in their own companies. They had – compared to
198 like Zuckerberg or something, didn't have anything like that kind of money, but they had money.
199 And they were entrepreneurial. And they made a practice of investing in little companies. And so it
200 was more than just my company they invested in. I don't know the other ones. I know Ken Olson's

201 made a lifetime of investing in different companies. One of the companies he was invested in was
202 Proxima, which was called Computer Accessories at the time, and he ended up the CEO of Proxima,
203 and he was investing in that company at the time.

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

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

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

225 And we're talking about maybe 1,800 square feet of office that they had there. Computer Accessories.

226 We actually did do some work with those guys, who eventually split up. They became two
227 companies. A company called Brooktree, which was a chip company to make RAMDAC's, whatever a
228 RAMDAC is. And one of the investors in my company was an investor. Myron Eichen was an
229 investor in Brooktree. So we actually did some work for Brooktree, as a software company, and wrote
230 some products that they ended up using. So yeah. There was lots of stuff going on. Probably more
231 than I remember, actually, because it was not uncommon to go out trying to find some sort of
232 cooperation that you could do, and some worked, some didn't.

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

235 **STANNARD:** Yes.

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

238 **STANNARD:** Yes.

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

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

248 And there was some real turkeys that went out during that period, particularly amongst PC software
249 companies. But my company ultimately was not successful, Megahaus. It was in business for seven

250 years. We never really got the critical mass or traction. We were profitable for times. We were
251 unprofitable other times. But we never really got the traction that we needed to do that. And then
252 window closed, or whatever, and so we raised money in several rounds, and in the end, one investor
253 ended up owning most of the stock, made a loan to the company, and then foreclosed on the
254 company and took ownership of that. And then we closed it down. We didn't formally go bankrupt.
255 He took it.

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

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

261 **STANNARD:** Yeah.

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

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

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

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

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

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

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

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

288 **CARUSO:** Hybritech?

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

297 Macintosh.

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

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

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

314 **STANNARD:** No.

315 **CARUSO:** No?

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

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

319 **STANNARD:** Yeah, Bill Otterson. So Bill Otterson came around and recruited Megahaus into this

320 thing, in the early days. I still have, somewhere, a directory of CONNECT, which is about 15 pages
321 and has like 20 companies in it. And that's like [laughs] – and I'm one of them. In 1988. So that was
322 the first time that really, in my opinion, the university really started to try to become actively involved
323 in the technology.

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

326 **STANNARD:** So here's really what it was. It was – I can tell you what it was [laughs]. So for the first
327 time in the late-80s, the rest of the community, the business community, began to realize, "Hey,
328 we've got this technology cluster here in San Diego. We've got all sorts of up and coming little
329 companies." The law firms were getting business to take companies public and to do placement of
330 rounds and whatever, and the service providers wanted a vehicle for which they could find young
331 companies to learn about and to latch onto so they could get their business. I mean that's really what
332 things like CONNECT and the software council and all of the sponsors of service providers that _
333 want access to those companies.

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

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

342 **STANNARD:** No.

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

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

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

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

360 **STANNARD:** No.

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

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

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

369 **STANNARD:** Right.

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

371 **STANNARD:** Right.

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

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

382 But I developed my contacts and I ended up writing software for a number of different companies.
383 And I had two or three other programmers that I met along my way. Some of them have worked for
384 me at Megahaus. And I get them work. I was the rainmaker. I did a lot of the programming. I was
385 really good at that. It's something – that sort of consultative thing. And it was a much more
386 successful business than Megahaus was. It was called SoftEngine. And the idea was that we
387 developed reusable software that we could use in multiple projects – the engines. And that – I mean
388 sounds such a common thing now, but it was not common at the time, this idea of components.

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

390 **STANNARD:** Multiple programs. I wrote the org chart program in Microsoft Office. I wrote another

391 org chart program for a company called OrgPlus. I wrote an analysis and graphing package for
392 scientists called Prism, for GraphPad, which they still sell, and a bunch of other projects. So I would
393 write software for them for a fee. They would package it, sell it. So they were outsourcing their
394 development to me.

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

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

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

404 **STANNARD:** Yeah. You can have that argument, but in particularly in Silicon Valley, where some of
405 these guys were from, if you lose your programmer, he's gone. If you've got someone whose business
406 it is to serve you, then that guy's going to be there year after year after year, even if you're sharing him
407 with someone else. Also, software development at that level is feast or famine. You come out with a
408 new version, you don't do a lot for a few months. And I was expensive. So I charged like \$1,000.00 a
409 day. And so they didn't need me on the times when it wasn't that busy, but when they wanted me,
410 they wanted me. So it's like if you were an architect or a – you'd have to be a really big developer to
411 want to have an architect on your staff. You see what I'm saying?

412 So that was kind of where I was at with that. And the people that worked for me also – I didn't really
413 have them as employees either. They sort of contracted to me. Those were also really exceptional
414 people. Some of the people now that work for me at my current company and they are employees.

415 But so we did. We were a boutique high quality development house. That's what we did.

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

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

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

433 And so there was this collection of software that was up there called shareware, where people would
434 upload a piece of software for free, and it was free, and you would, on an honor system, people would
435 pay you. Usually, if they wanted a disk and a manual, they'd send you \$30.00 or something. And so I
436 had this pretty comfortable living. And then I thought, I bet if I wrote this piece of software that I
437 stuck up on CompuServe and AOL, I could make a few thousand dollars a month out of that. First of
438 all, I'm a professional. Most of the stuff that's shareware is amateur. And I could probably do really
439 well at it, and it would be kind of fun.

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

448 So literally about a month after my 40th birthday, I started working on this product, and I still had
449 my other work to do, and it took me about a year to write it, test it, document it, write help, all that
450 stuff. And I released it in November of 1994 up on AOL and CompuServe, and it was \$35.00 and
451 \$49.00 – two versions – and I got a \$49.00 order within 12 hours, and I was shocked. I thought it'd be
452 out there for months. It was pretty exciting. I did about \$1,000.00 worth of stuff in the first three
453 weeks, and then I had some people call me, and they wanted to license some things, and do some
454 deals, and within three months I was selling \$10,000.00 a month of that product through there.

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

463 It was one of my wife's friends. So we did that. And so it was great. Went on for about a year or so,
464 and then the internet came along, right as we first released it, in early 1995. There were – The first

465 web browsers started to appear. Well, this shareware – you couldn’t cripple. You had to have a full
466 version. Because AOL made money when people downloaded it. So they had strict rules to make it
467 as disadvantageous to the author as possible, and advantageous to the customer they were charging
468 to download the software. Well, on the internet, that wasn’t true. I could make a trial version that
469 could run for a certain number of days and stop working.

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

471 **STANNARD:** The 30 day trial deal. Which is what I did. So I realized, I thought, “I need to get a
472 website, and I can put it up on the web, and then I can have a trial version.” And so I created the first
473 website, SmartDraw.com with Microsoft Word. It had three pages on it. And I got traffic. And I got
474 downloads. And within a year, 90 percent of my traffic came from my website and not from AOL or
475 CompuServe anymore. That shift to the World Wide Web, away from the online services, happened
476 that fast. It was instantaneous as it took off. People just shifted over. So, again, SmartDraw, just me,
477 I went through all the stages of internet marketing, kind of learned it on the fly. One day I had a
478 whole bunch of traffic come to my site. I thought, “This is great.” And this was in in 1995. Windows
479 95 had just come out. Windows 95 version. And I could see where it came from. And it came from
480 some guy’s – RandysWindows95.com.

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

488 I started getting this traffic. I thought, “This is great,” and then it stopped because I wasn’t on page
489 one of his announcements. So I emailed the guy, and I said, “What would it take to put an ad on your

490 page?” And he said, “Oh, I could put a banner ad on there.” And we agreed on the size. And I
491 bought an ad. First, I was one of the first people who ever bought an ad [laughs] that I ever met. I
492 just bought an ad. So I put an ad there, and guess what? I had a whole bunch of people come to the
493 site. I thought, “This is great.” So I got maybe 1,000 people came to the site day one, about 800 on
494 day two, about 400 on day three, and pretty soon it was about 50 or 60. So he had a certain audience,
495 and as soon as everyone had seen the ad, I had got everybody from that.

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

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

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

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

515 **STANNARD:** Yeah.

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

517 **STANNARD:** Actually I was probably more involved then than I am now. Right as I was starting
518 SmartDraw, a group of people got together and wanted to start a software industry group, and it was
519 called the Software Council. And I was real interested because working on my own it was kind of
520 isolated, lonely. I mean I'd talk to my clients, but I wasn't really involved anymore in that. So I
521 actually got pretty involved. Me and James DeLapa, Jim DeLapa, were the first membership
522 chairman. So we went to all the meetings, and I was involved in the development of that. I know all
523 the people that were involved. And it was a lot of fun for me, because when you're sitting there every
524 day by yourself, it's kind of isolated. So it really opened up my contacts again with the industry.

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

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

535 So when I came on board and ran it, I got frustrated. And it was big enough at that point that I
536 thought what we really need is a real professional that would actually manage it, policy, not
537 necessarily be the policymaker like the board, but really the guy who runs it, a professional person to
538 run it. And so we did that. And we had someone in that role. I think it's folded up now. But I was

539 instrumental in bringing all the people – the final guy that ran it, also – onboard in doing that.

540 Anyway. So that. I was involved that way.

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

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

546 **CARUSO:** Right.

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

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

561 **CARUSO:** Right. And in terms of – were there different types of software companies that were
562 coming up during this period of time in San Diego? Were they focused either on specific aspect of

563 computer operations? Was it just like a wide spectrum of, “We’re doing all these different things”?

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

574 But I think really the drive of the software was not so much, in the 90s anyway, was not so much
575 because of the internet in terms of things that the software could do. Most people weren’t writing
576 software for the internet in that sense. They were still writing what we would call desktop software
577 today, but the internet made it easier for them to distribute it and lower the barrier for entry. I don’t
578 think you really got into real internet software until really the very late-90s and into this decade. I
579 knew some guy that had “chat” and some other things that they would do, but.

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

582 **STANNARD:** Yeah. Yeah. So we moved into a very small office. Two rooms and a lobby. And my
583 first employee and I each had one of the rooms. And then we had the various people who worked
584 part-time pack and ship in the lobby. And that was all going great. And I was still involved in my old
585 business and gradually got out of it and things were growing. And then things really started to grow.
586 And then we decided I would hire some more people. And I started to hire people to do more tech
587 support. I started hiring people to do more selling. And I needed a bigger office. And so I looked. It

588 took me a while to – In fact, so it was growing fast enough at that point, or I made the decision to
589 really start to push it, that we ended up with seven people in that little office, because it took long
590 enough – Also, finding office space was not that easy back then.

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

598 I joined it right about that time, because I realized, again, I said was bad when I was at Megahaus in
599 terms of hiring people, well, I was just as bad. I really had no idea how to do this stuff. And now,
600 with two employees, it's not a big deal. You start to get to seven or eight, and you start to have to hire
601 people, and you start realizing your own limitations. At least the second time around, I realized I
602 didn't know what I was doing. So I went to one of my mentors. In fact, Ken Olson, one of my original
603 investors in the first company, who we remain friends, and I said, "What should I do?" And he says,
604 "Call this guy. Join Vistage." And it was his Vistage group chairman.

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

613 in skills.

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

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

626 **STANNARD:** I'm not all that involved anymore, really. Why is that? I'm a person who, like I said,
627 I've always been very independent. I'm really focused on what I'm doing. Now that I have a group. I
628 mean I have an organization now. I have 30 or 40 people in the company. I don't have the isolation.
629 I don't need the socialization in the same way that I needed it before. And for a while – I've done
630 various things but I find – I'm really bad about this kind of stuff – I find it just distracts from what I
631 really want to be doing. But I do read a lot. I do stay involved with what's going on, but I don't need
632 to go to some trade group anymore. I can do that through the internet. I can do that through the
633 other people, younger people, whatever, that work for me. So I'm just I guess not as involved on a
634 face to face level as I used to be. Is anybody?

635 **CARUSO:** Probably not.

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

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

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

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

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

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

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

660 **STANNARD:** That’s another reason, maybe, why I’m not so involved in it. It was a really smaller

661 community back then, so I really did know virtually everybody that was in it, to some extent. And
662 now it's like being in a small town versus being in a big city.

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

664 **STANNARD:** Right.

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

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

678 **CARUSO:** Okay. The last question I have is actually kind of to turn things to you. I come in here
679 with a series of questions that I want to ask. You have some knowledge of what this is supposed to be
680 about. Is there anything that I have not asked that you would like to talk about that you think is
681 relevant? And 'no' is a completely acceptable answer, I just thought I –

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

683 **CARUSO:** Sure.

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

691 **CARUSO:** All right.

692 **STANNARD:** Good. Thanks.

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

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

695 **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.

Interview conducted by David Caruso, PhD, on March 27, 2014