

Regional Oral History Office
The Bancroft Library

University of California
Berkeley, California

J. Burgess Jamieson

BAY AREA VENTURE CAPITALISTS:
SHAPING THE ECONOMIC AND BUSINESS LANDSCAPE

Interviews conducted by
Sally Smith Hughes
in 2009

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Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of Northern California, the West, and the nation. Oral History is a method of collecting historical information through tape-recorded interviews between a narrator with firsthand knowledge of historically significant events and a well-informed interviewer, with the goal of preserving substantive additions to the historical record. The tape recording is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The corrected manuscript is bound with photographs and illustrative materials and placed in The Bancroft Library at the University of California, Berkeley, and in other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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Burgess Jamieson, 2008
Photo courtesy of Drew Altizer Photography

Project Overview

Early Bay Area Venture Capitalists: Shaping the Business and Industrial Landscape documents through videotaped interview with the first generation of venture capitalists the origins and evolution of venture capital in California. The project explores and explains through the words of participants how venture capital in the state originated in the 1960s and 1970s, its intersection with national legislation and policy, the significance of its location, and its role in creating new companies, new technologies, and new individual and institutional wealth.

The Project

Venture capital was not a term when these narrators began to practice “risk investment” in the late 1960s and early 1970s. The oral histories describe the evolution of the field into the industry of today, focusing on its earliest emergence in Northern California. The narrators describe their circuitous routes into venture capital, their individual approaches to its practice, illustrative investments in key companies, the significance of its location in the Golden State, and its contributions to creating, financing, and building new companies, nationally and, increasingly, internationally.

Conceived and generously funded by Paul “Pete” Bancroft III, the project in its second year has interviewed twelve individuals. In the third and final year, the project scope expands to include interviews with representative investment bankers, attorneys, and early venture-backed entrepreneurs, as well as with additional venture capitalists. Completed oral histories, including those donated by related projects, are available at:

<http://bancroft.berkeley.edu/ROHO/projects/vc/>

An advisory board meets periodically to select individuals for interviews and advise on general direction.

Members: Paul Bancroft III, William Bowes Jr., William Draper III, Jerome Engel, Charles Faulhaber, Franklin Pitcher Johnson, and Alan Mendelson.

Project Director and Interviewer: Sally Smith Hughes

Videographers: Julie Allen, Caroline Crawford, and Linda Norton

Transcriber: Katherine Zvanovec

Chronology for Burgess Jamieson

- 1930 Born in Mineola, Nassau County, New York (Suburb of New York City)
- Father – John Burgess Jamieson
- Mother – Erna Elisabeth Mueller
- 1935 Entered John Lewis Childs School, Floral Park, New York
- 1944 Graduated from John Lewis Childs School, Entered Sewanhaka High School
- 1948 Graduate from Sewanhaka High School, Second in Class of about 800
- Awards:
- Westinghouse (now Intel) National Science Talent Search
 - Grumman Scholarship
 - New York State Regents' Scholarship
 - Rensselaer Science Medal
- Entered Massachusetts Institute of Technology, Cambridge, Massachusetts
- 1952 Graduated M.I.T., S.B. in Electrical Engineering, Top 20% of Class of about 800
- Awards/Distinctions:
- Yearbook Editor
 - Secretary of Student Council
 - Tau Beta Pi – Honorary Academic Society
 - Eta Kappa Nu – Honorary Electrical Engineering Academic Society
 - Distinguished Military Graduate
- 1952 – 1953 Electrical Engineer, Grumman Aircraft Corporation, Bethpage, New York
- 1952 – 1955 First Lieutenant, U. S. Army, Formed and commanded 218th Ordnance Detachment
- Supported Antiaircraft Radar Units in severe arctic climate
- 1956 – 1958 Project Engineer, Doelcam Division of Honeywell, Boston, Massachusetts
- Developed flight control subsystems for F102 and F106 fighter aircrafts
- 1958 – 1963 Project Engineer, Adage, Inc., Cambridge, Massachusetts
- VP Marketing, Adage, Inc., Cambridge, Massachusetts

VP Engineering, Adage Inc., Cambridge, Massachusetts

Assumed various roles as company grew from a startup to a medium-sized company specializing in analog-digital conversion.

1963 – 1968 Director, Memory Systems Development, Computer Control Company, Framingham, Massachusetts

VP Development Engineering, Computer Control Company, Cambridge, Massachusetts

Managed development of the world's first 16-bit Minicomputer.

1968 – 1971 General Manager, Memory Systems Division, Electronic Memories, Los Angeles, California

Managed development and two manufacturing facilities in Los Angeles and Hong Kong. Started new subsidiary in Singapore.

VP, Corporate Development, Electronic Memories, Los Angeles, California

1970- 1971 Chief Operating Officer, Sycor, Inc., Ann Arbor, Michigan

Was asked to manage Sycor, Inc., a technology rich troubled public company in which Electronic Memories had invested. Terminated half of employees, prepared new business plan, completed new venture capital financing and got the company to break-even in 1-1/2 years.

1971 – 1973 Special Limited Partner, Western Management, San Francisco, California

Partner and Co-Founder of this venture capital partnership, of which

Bank of America was General Partner

1973 – 1994 General Partner and Co-Founder of Institutional Venture Associates

1984 – 1993 Founder and Managing General Partner of Sigma Partners

1982 – Present Owner, Jamieson & Co., a private investment firm

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Interview #1: July 21, 2009

Begin Audio File Jamieson 1 07-21-2009.mp3

01-00:00:00

Hughes: It's July 21, 2009, and I'm in the office of [J.] Burgess Jamieson at 3000 Sand Hill Road, which is an iconic address in venture capital. Linda suggested that I say something briefly about the genesis of this project.

We have to credit Pete Bancroft; he had the idea and he agreed to provide the funding for the first three years.

01-00:00:31

Jamieson: Oh, that's very generous.

01-00:00:32

Hughes: Yes, it is very generous. We have an advisory board of people that you probably know—Pete Bancroft, Bill Draper, Pitch Johnson, Alan [C.] Mendelson, Jerome Engle, and Charles Faulhaber, who is the director of the Bancroft Library, where this project resides.

The idea was to start at the beginning, namely with the first generation of venture capitalists who were actually called that. I'm aware from talking to people that there were people doing risk investment before that, but it wasn't called venture capital. The board has selected a number of people in that first generation for interviews.

So with that, let's begin. Would you say on-tape what you just said to Linda and me?

01-00:03:04

Jamieson: Oh, yes, what I said was that I've had a terrible time with name memory for my whole career, but my numeric memory is excellent. I said that if people had numbers, I'd have no problems at all! Some CEOs have found out, to their dismay, that my memory for numbers is very good! [laughter] Better than they wish it were!

01-00:03:41

Hughes: Well, what we're going to do now is to start at the beginning, namely with your parents and your upbringing and your education and just roughly move through time. In your case, I think it's interesting that it will take us a while to get to venture capital.

01-00:04:02

Jamieson: Yes. It took me a while to get there, but I'm slow at most things.

01-00:04:08

Hughes: Well, I know you were born in Nassau County, New York.

01-00:04:19

Jamieson: Right.

01-00:04:19

Hughes: Into what kind of a family?

01-00:04:24

Jamieson: Well, I've never had the courage to ask my parents how they felt when I was born, because I was conceived before the crash of 1929, and I appeared in 1930, and I know their circumstances were very different between those two times. But my father's career evolved into being a builder. He was in the lumber business before the Depression, and I think he lost his job in around 1932. He had a number of miscellaneous jobs, which I don't remember, for a number of years.

My mother had been a secretary, and she worked at AT&T in the patent department. They had a secretarial pool, and one of the patent attorneys was of German ancestry and had a terrible accent, so the rest of the pool members dreaded having to take dictation from him. But my mother's background was German and she understood the language, so she was his favorite. From that, she went on to another, smaller I think, sales division of a larger company and worked there until my parents were married in 1928.

She went back to work in 1937 to accumulate enough capital for my father to start his own business, which he did. His father and my uncle were both builders, and the family history, in that side of the family for years, had been in the construction and building business. And so he wanted to start his own building firm, which he did in 1939 as a result of my mother going back to work.

01-00:06:37

Hughes: That was quite a contribution.

01-00:06:39

Jamieson: Yes, it was. And she was his bookkeeper for most of the time he was in the business.

01-00:06:46

Hughes: Was this residential building?

01-00:06:48

Jamieson: Residential—well, it was except during the war when he built commercial buildings that were part of the war supply situation.

01-00:07:02

Hughes: Did you have brothers and sisters?

01-00:07:04

Jamieson: I have a sister who is a year-and-a-half younger than I am.

01-00:07:08

Hughes: So it was hard times for a while, it sounds.

01-00:07:15
Jamieson: Oh, very hard, very hard, yes. I remember one Christmas I was told I could have just one present, and it couldn't cost more than a dollar. But we always had a tree and decorations.

01-00:07:29
Hughes: What kind of a household was it? What was the discipline like?

01-00:07:37
Jamieson: Well, not very comparable to anything today. I have to say it was fairly strict. I don't have any memories of being unfairly treated. It's just that our whole lifestyle was much simpler than it is today. For instance, I don't think we had enough money to have a telephone until my mother went back to work. And we lived with my grandmother.

01-00:08:10
Hughes: Did you have a car?

01-00:08:12
Jamieson: Oh yes, we had a car.

01-00:08:14
Hughes: Living with your grandmother was a way to save money, presumably.

01-00:08:20
Jamieson: Actually, her house was on the market. My father built a spec house—that is, a house that was built to sell—and their plan was whichever house sold first, they would sell, and live in whichever one that was left. Of course, that was my grandmother's. So that's how we wound up there.

01-00:08:49
Hughes: You went to public schools?

01-00:08:50
Jamieson: Yes.

01-00:08:54
Hughes: And right there in Nassau County?

01-00:08:56
Jamieson: Yes. Our grammar school and high school both happened to be in our town, although I had probably about a two-mile walk to high school, but I walked.

01-00:09:13
Hughes: You didn't have your own car. [chuckling]

01-00:09:16
Jamieson: No, I didn't have my own car.

01-00:09:20
Hughes: I figured. Were you getting interested in any particular discipline?

01-00:09:27

Jamieson:

Yes. A very interesting thing happened that shaped my whole life for quite a while was that when I was nine years old I built a one-tube radio and it worked. And from then on I wanted nothing other than to be an electrical engineer. Never gave a second thought to anything else.

01-00:09:49

Hughes:

What's a one-tube radio?

01-00:09:51

Jamieson:

Everything in those days was tubes. There were no transistors or integrated circuits.

01-00:10:00

Hughes:

I've heard other people who ended up in technical careers say so often the radio was what got them interested.

01-00:10:12

Jamieson:

Well, my next move in that direction, before I went to college, was I took electronics courses in high school. We had them. I got a FCC First Class Radiotelephone Operator License when I was sixteen, which was an interesting experience because I had to go to the FCC headquarters in New York City with a room full of people taking the examination. Most of the people there were in their thirties and forties, and of course I got a lot of not very pleasant looks. But I passed, and as a result of that I was able to get a job when I was sixteen being a night operator at an FM station, and that was the best-paying job I had till I got out of college.

01-00:11:02

Hughes:

And you probably liked it as well.

01-00:11:06

Jamieson:

Oh, it was great. I could do my homework. I just had to check the transmitter every half hour or so, although once in a while I would fill in as a transcription turntable operator, whatever.

01-00:11:20

Hughes:

You obviously did well in high school, because your biography says you were second in a class of about 800.

01-00:11:31

Jamieson:

Yes.

01-00:11:32

Hughes:

Were you being encouraged in the way of education by your parents? Was that something that was expected of you? To do well in school?

01-00:11:41

Jamieson:

I think they were pleased when I did do well, and I was certainly encouraged to stay in line, as it were. I had very few adventures as a teenager, other than visiting my girlfriends some evenings.

01-00:12:06
Hughes: Did they have high school educations, your parents?

01-00:12:11
Jamieson: Oh, they both went to college. Oh yes.

01-00:12:12
Hughes: So was college in your future as far as they were concerned?

01-00:12:18
Jamieson: Oh, absolutely.

01-00:12:19
Hughes: That was a given.

01-00:12:20
Jamieson: Certainly, and I could get the grades and get admitted. My family had a long tradition of going to Union College in New York, in Schenectady, which had an affiliation with GE. I got early admission there, and both my father and my uncle went there. My father, I think, was very disappointed that I chose to go to MIT, although he never said much about it.

01-00:12:54
Hughes: It was hands down MIT as far as you were concerned, because of the engineering?

01-00:13:04
Jamieson: Well, it certainly was a well-recognized school. But another factor was that I had a girlfriend who went to Tufts, which is in the Boston area, and that had some effect on my choice of school.

01-00:13:18
Hughes: [chuckling] I see. Your bringing up was in Mineola?

01-00:13:29
Jamieson: No, I was just born in Mineola. That was the site of the Nassau County Hospital. We lived in Floral Park.

01-00:13:36
Hughes: Is that a small place? I'm just wondering what it was like to all of a sudden be in Cambridge.

01-00:13:44
Jamieson: Oh, it was a small town.

01-00:13:48
Hughes: So was Cambridge an adjustment?

01-00:13:52
Jamieson: No, because we were just on the border of New York City, and I could get to Manhattan when I was a kid for fifteen cents. Ten cents for the bus and five cents for the subway. That's what things were like then, and I would often,

very often, go into New York to go around the surplus and second-hand electronics shops and just nose around and see what they had. Once in a while I'd buy something.

01-00:14:18

Hughes: So being in an urban setting was something you were comfortable with.

01-00:14:22

Jamieson: Oh, sure, yes.

01-00:14:23

Hughes: What about MIT proper? How was your adjustment? You have to work just to get into MIT.

01-00:14:37

Jamieson: Well, I never worked very hard in high school at all. I was a National Honor Society member and we had our club room. We could cut class; we never had to go to class. All we had to do was pass the quizzes and exams. So we'd sit and play bridge when we felt like it and generally had a very relaxed life. So compared to that, MIT was like being thrown into a cold lake in the middle of the winter.

01-00:15:08

Hughes: Because you'd had an easy time of it in high school, did you have to learn study skills, that sort of thing?

01-00:15:24

Jamieson: I was quite well self-disciplined, I think. At the time I went there, MIT used to admit a freshman class that was 30 percent larger than the size of the graduating class they expected. So at the beginning of the second year, 30 percent of the class would be gone. I thought they were often intellectually very capable but the main reason they failed was lack of personal discipline and having good work habits in the absence of their parents.

01-00:16:08

Hughes: And you'd probably gotten some of that discipline, as you were implying, from your upbringing.

01-00:16:13

Jamieson: It's my genes.

01-00:16:20

Hughes: What to say about what I presume was four years at MIT?

01-00:16:23

Jamieson: Yes.

01-00:16:26

Hughes: Were you changing your ideas in any way about engineering?

01-00:16:35

Jamieson: [pause] That's hard to say. I really didn't change my interests at all. I guess I refined them to the point of having as an objective, designing great products that were also very profitable. So I've always had a business interest as well as a technical interest. My orientation in product design was to keep things as simple as I could because my maxim was: parts that aren't there can't fail.

01-00:17:13

Hughes: Where did that business side of it come in?

01-00:17:23

Jamieson: I think because my father had his business, and he had to be aware of the financial side of it as well as the technical building side. During his career he built somewhere between fifty and sixty houses as a sole proprietorship.

01-00:17:43

Hughes: So he was an influence, you think. It wasn't just the technical sweetness of engineering, it was the fact that this field could make practical, profit-making things.

01-00:17:58

Jamieson: That's true. But frankly, I always thought my mother had more of a numbers sense than he did. Yes.

01-00:18:08

Hughes: Well, her line of work required that, didn't it?

01-00:18:12

Jamieson: She was probably the strongest influence on my life and my character.

01-00:18:18

Hughes: In terms of the self-discipline you're thinking?

01-00:18:24

Jamieson: Yes.

01-00:18:27

Hughes: And how else maybe?

01-00:18:26

Jamieson: In fact, we happen to have a housekeeper who is German, and she likes to kid me by saying I'm more German than some of her friends in Germany!
[laughter] I was born here, but I spent a lot of time in Germany.

01-00:18:42

Hughes: So unpack that a little bit. What characteristics does that encompass that apply to you—when you say you're Germanic.

01-00:18:55

Jamieson: Being very conscious of duty, being generally punctual as opposed to showing up whenever I feel like it, doing things often that I don't like to do. I don't like

to fire people, but I have had to do it; in one case about 100 people in one chunk—and that was half the company. Holding other people to high work standards, giving more than the minimum, or more than was nominally expected.

01-00:19:38

Hughes:

I can see how that's going to play out in later life. [chuckling] All right. So you graduated from MIT in 1952, right?

01-00:19:49

Jamieson:

Fifty-two, right.

01-00:19:51

Hughes:

That's beginning the post-war boom years. Did you feel, as a young graduate, that you were entering a period of time that was very different from what you had experienced as a very young person in the Depression?

01-00:20:13

Jamieson:

Oh yes. I knew it was very different from the Depression. And I remember personally I was just filled with optimism.

01-00:20:21

Hughes:

Were jobs available?

01-00:20:26

Jamieson:

Well, I had a scholarship from Grumman Aircraft [Engineering Corporation]. I had to work there every summer, and the scholarship, informally at least, committed me to accepting an offer from them when I graduated.

01-00:20:38

Hughes:

I see that you worked there for a year, 1952 to 1953.

01-00:20:45

Jamieson:

Yes. It was actually a year and a half.

01-00:20:50

Hughes:

What did that entail?

01-00:20:56

Jamieson:

Oh, I was an electrical engineer working on flight control systems for military aircraft.

01-00:21:00

Hughes:

Was that an easy transition?

01-00:21:06

Jamieson:

Well, it really wasn't what I wanted to do. I wanted to be more involved in product design. This was more or less quality assuring and testing products designed by others, since I was mostly involved with electronics, and Grumman typically bought those from suppliers. It was fun to fly around in

aircraft working on some of these systems, but it wasn't very educational for me.

01-00:21:38

Hughes: You weren't actually flying though. There was a pilot and you were—

01-00:21:44

Jamieson: No, I was not doing the flying.

01-00:21:47

Hughes: And that's the way airplanes are tested?

01-00:21:50

Jamieson: Well, they were then. We didn't have computers that did the simulation scales that are possible today. But ultimately, yes, every aircraft design has to go through a flight test, so to that extent, yes, that's still done.

01-00:22:06

Hughes: Was your MIT education serving you well in this job?

01-00:22:10

Jamieson: Oh, it was fine. Sure. I was overqualified, actually. I was bored. Really. I was actually bored.

01-00:22:21

Hughes: [chuckling] Was that somewhat because there wasn't a very creative aspect to this job?

01-00:22:29

Jamieson: That's right. Yes.

01-00:22:30

Hughes: So that probably explains why you didn't stick with it.

01-00:22:33

Jamieson: Yes, I would say so. Plus the fact that, I think everyone benefits from having a mentor, and I really had no mentor there. There was no one with whom I worked who was really interested in developing my skills.

01-00:22:51

Hughes: So you were there just to work, to serve the company.

01-00:23:00

Jamieson: That's right, yes.

01-00:23:02

Hughes: And you were smart enough to recognize that.

01-00:23:07

Jamieson: [chuckling] Well, one might call it that, but I would say more it was boredom and not intelligence.

01-00:23:15

Hughes: During this period, you are in the U.S Army. Was that in the reserves, then? 1952 to 1955, first lieutenant, U.S. Army.

01-00:23:29

Jamieson: Right.

01-00:23:31

Hughes: At least that first year and a half or so overlaps—

01-00:23:36

Jamieson: I was at Grumman; I was deferred from being called to active duty because of a military contractor job. And my solution to getting out of Grumman was to just not put in my request for deferment, which I had to do every six months. And of course when I didn't do that I was immediately called to active duty.

01-00:23:59

Hughes: That was very clever of you. [chuckling] Well, it's better than going up to your boss and saying—

01-00:24:09

Jamieson: "I'm bored here. Goodbye." [laughter] No, I knew enough, even then, not to do that. I spent two years in the army.

01-00:24:24

Hughes: Tell me about that.

01-00:24:27

Jamieson: Well, that was very different. I reported for active duty at Fort Dix to a company commander who had just gotten back from Korea. In fact, the whole officer crew there, pretty much, was a bunch that had been in Korea and just gotten back. So I think it's fair to say they did not think particularly well of me [chuckling] since I'd never been in combat. I had no military experience except the equivalent of boot camp and the ROTC. Then, since I was in ordnance, I immediately was sent to Aberdeen Proving Ground, Maryland, and someone took a look at my resume and decided that I belonged in a radar maintenance unit. So I spent about six months in Aberdeen going to radar school.

01-00:25:39

Hughes: And did you like that?

01-00:25:41

Jamieson: Well, I was the leading student because I already knew all that stuff! The other interesting thing was everything was on a wartime footing then, so I went to school from 6 p.m. to 2 a.m., so I had my whole days free, which was pretty good duty.

01-00:26:06

Hughes: So what did you do with your days, then?

01-00:26:11
Jamieson:

I bought a cheap old sailboat, went sailing. Fooled around with my car, whatever. At that time I couldn't find any decent housing there because it was a wartime situation. So my wife [Elizabeth] was living with her parents in New Jersey. I didn't put my marriage in there.

01-00:26:39
Hughes:

No, you didn't put your marriage in there. What about that?

01-00:26:46
Jamieson:

Well, I met my wife when we were both in school in the Boston area. It was not the original girlfriend that caused me to go to MIT. She lived in New Jersey. I've forgotten about [left out] a lot of things. I got malaria at the end of my first term, sophomore year, because I went on a vacation to Florida with my parents, and we were on an island off the Florida coast. I came back, actually went back to school. I had to walk across the Harvard bridge to get to MIT. I lived in Boston in my fraternity house—and I could barely make it across the bridge. I just had no strength at all. So I was put in the infirmary there, and no one knew what was wrong with me. I had 104° fever for two weeks, and they should have sent me to Mass General, but I just lay there with no medication, no nothing, and fortunately I recovered since I'm still here.

01-00:27:59
Hughes:

I'm surprised there was still malaria. You hear about it in the nineteenth century.

01-00:28:05
Jamieson:

It's kept very quiet that there is such a thing. But that was quite remarkable, in retrospect, that I recovered.

01-00:28:20
Hughes:

Did they diagnose it finally as malaria?

01-00:28:25
Jamieson:

When I got home, my parents sent me to a specialist in blood chemistry at our local hospital. They took a number of blood draws, and he came back with the opinion that it looked to him as though I had had malaria. And sure enough it would come back about every nine months, six to nine months. I'd get terrible chills and get a very high fever, and that kept up for about seven or eight years. It's a pretty miserable disease.

01-00:29:23
Jamieson:

So anyhow, my [future] wife and I had been dating, but our romance broke up until she came to see me. I had to go to summer school to make up my missing term; I missed the whole second term, sophomore year. She and her father were on their way to Canada for a vacation, and they stopped in Boston. She came to see me but found out from my fraternity brothers that I was back in the infirmary. So she came there, and that's really what got our romance started again.

01-00:30:02
Hughes: When did you actually marry?

01-00:30:05
Jamieson: 1953.

01-00:30:10
Hughes: I was surprised to hear that as late as that it was hard to find housing.

01-00:30:18
Jamieson: Around Aberdeen, Maryland, because there's a big army base—local housing.

01-00:30:23
Hughes: When was Levittown and all that?

01-00:30:25
Jamieson: Oh, that was on Long Island. That was existing when I was working.

01-00:30:32
Hughes: So that was pre-war?

01-00:30:34
Jamieson: No, it got started after the war. It was probably the first planned community. I think it started around 1947, something like that. We had half of a two-family house. That's where we lived.

01-00:30:51
Hughes: So when you talk about the fifties being a boom time, it depends where you are.

01-00:31:05
Jamieson: Yes, as I say, I was going to school at night. They were running double shifts it was so crowded.

01-00:31:11
Hughes: All right. There's something here on this same CV about [reading from CV] severe arctic climate—radar units—

01-00:31:31
Jamieson: I was supporting radar systems that were providing warning for a SAC [Strategic Air Command] base. I was at Loring Air Force Base, which was in far northern Maine, north of Montreal, Canada, and the winter temperatures there went down to minus-45°. We had fifteen feet of snow one winter I was there. So we had to supply and support some of the anti-aircraft sites from helicopters—the roads were impassable.

01-00:32:11
Hughes: But this was all located in Maine. That's where the units were.

01-00:32:17
Jamieson: That's right.

01-00:32:18

Hughes: I was picturing them up at the North Pole.

01-00:32:21

Jamieson: No, this was the closest point in the United States to Russia and had the most days of sun of any location that close to Russia, so that's why it was chosen for the air force base.

01-00:32:40

Hughes: This was the beginning of the Cold War when Russia was our enemy.

01-00:32:48

Jamieson: Absolutely. The Cold War hadn't reached its peak, yet, in fact.

01-00:32:57

Hughes: Was that very conscious in your mind as a military person?

01-00:33:03

Jamieson: Well, I didn't think enough about what I was doing, frankly. The maxim is that old men make war and young men get killed in war. And that's because young men don't realize the risks. It's going to happen to anyone but them. I feel a lot of sympathy for the poor guys in Iraq and Afghanistan.

01-00:33:34

Hughes: I know. I can't help reading those obituaries that are listed in the [*New York Times*] and look at the ages, and so often they're in their early twenties. They're the ones that are getting it.

01-00:33:46

Jamieson: Sure, they are. And the ones that aren't killed are terribly wounded. There are more wounded.

01-00:33:52

Hughes: That's going to be the legacy of this war, I think, in terms of human suffering.

01-00:33:57

Jamieson: There may have been, I think, about 4,000 killed, but there have been at least 20,000 wounded, and mostly missing arms and legs from IEDs [improvised explosive devices].

01-00:34:12

Hughes: Did this military experience, now that you can look back on it, have any formative influence on you either professionally or as a person?

01-00:34:26

Jamieson: Well, I formed and was the commanding officer of a small unit. And originally my commanding officer was in New York City, so he didn't know what was going on! [chuckling] And we were supposed to go to England as a unit but got changed to Maine in two weeks, so we had no arctic equipment at all. I would write a letter at least once a week to this commanding colonel in

New York City, pleading for winter clothing. We had some problems with weather.

01-00:35:08

Hughes: Well, 45° below!

01-00:35:10

Jamieson: Sure. In fact, we couldn't get boots that were really very good for arctic use. So I actually bought a pair of L.L. Bean hunting boots, which have rubber bottoms and leather tops, and I wore those thinking I'd probably get chewed out by someone for being out of uniform. But the air force didn't care. I guess the highest-ranking army officer was a lieutenant colonel. Nobody really cared. So I wore my L.L. Bean hunting boots for the whole time I was there! [laughter] And they were fine with a lot of socks.

01-00:35:53

Hughes: In 1956, you become a project engineer for Doelcam.

01-00:36:04

Jamieson: Doelcam, yes, it was a division of Honeywell.

01-00:36:08

Hughes: Why did you leave the military, and why Doelcam?

01-00:36:14

Jamieson: Well, I had a two-year tour of active duty. I was offered a regular army commission but I wisely, in retrospect, turned it down.

01-00:36:22

Hughes: Did you ever think that the military would be a career option?

01-00:36:30

Jamieson: Well, I think the military is a very comfortable place to be once you learn the system, which I did. That's really what got me through MIT. Every year at MIT my grades got higher and higher, and it was because I figured out how to get good grades.

01-00:36:56

Hughes: [chuckling] I was going to say, work the system.

01-00:36:58

Jamieson: Work the system, sure. And in fact I had one mechanical engineering course which I hated; it was strength of materials, and I didn't go to class for the whole term. I did turn in all the homework and I took all the quizzes. When I showed up for the final, the professor was standing at the door and he said, "Well, Mr. Jamieson, I haven't seen much of you this term." [laughter] And I said, "No, sir, but I did all the homework and took all the quizzes." So I took the final and I passed.

01-00:37:29
Hughes: So, why Doelcam? How did that come to be?

01-00:37:39
Jamieson: I think I used the MIT placement service to get a handle on jobs in the Boston area, because my original plan was to go back to school and get a master's degree.

01-00:37:56
Hughes: Oh really.

01-00:37:57
Jamieson: Sure. In fact, I went to Northeastern University, evenings, while working, for a while. I couldn't keep it up. I'd never had a nine-to-five job.

01-00:38:11
Hughes: Would it have made a difference to have a master's degree in engineering?

01-00:38:16
Jamieson: Well, as far as credentials, yes. As far as capability, maybe I'll flatter myself by saying, "I don't think so." [chuckling]

01-00:38:30
Hughes: An MBA will get you somewhere in your career today, and I am wondering if it was something similar in engineering.

01-00:39:03
Jamieson: Probably would have. But I think it makes only a difference in the first one or two jobs.

01-00:39:13
Hughes: Then they look at performance.

01-00:39:17
Jamieson: Performance and capability. I can tell you a little joke about that.

01-00:39:22
Hughes: All right.

01-00:39:25
Jamieson: In those days there was quite a separation between engineers who worked at a drawing board and those who had desks. Well, I had a desk at Doelcam, but I reported to a project engineer. I was one of several engineers that did. We got to the point of having our design done and needing a wiring diagram to build a prototype. And he came to me and asked me if I would work on the drawing board and do the wiring diagram. I was shocked, because I thought and everyone else thought, "Poor Jamieson, he's gotten demoted back to the drawing board." Literally. So again, that was a case of my doing something that I really didn't want to do. But it was discipline.

This subsystem that we built—there were 3,000 wires. I finished the wiring diagram and went down to the lab, and a tech wired up the first system, and there wasn't a single mistake. Everything worked. And so my boss then called me in and said, "Well, now you know why I asked you to do the wiring diagram. From now on you're the project engineer." So I went back to my desk, and I had the last laugh.

01-00:41:12

Hughes:

Was he testing you?

01-00:41:17

Jamieson:

He wasn't testing me. We had a tight time schedule. He wanted to get to a working prototype as fast as he could.

01-00:41:30

Hughes:

But he must have suspected that you could do it.

01-00:41:33

Jamieson:

Oh, he did. He said, "Now you know why I asked you to do the wiring diagram. I knew you would do it and make none or very few mistakes."

01-00:41:41

Hughes:

Now at that point was he looking at what you had done? Or is somehow the aura of an MIT engineering degree carrying you at this point?

01-00:41:51

Jamieson:

No. He'd been to MIT himself. Almost everyone at the company had gone to MIT! [chuckling]

01-00:41:58

Hughes:

So that wasn't going to get you head and shoulders above anybody else.

01-00:42:01

Jamieson:

It didn't do a thing, no.

01-00:42:02

Hughes:

It was performance. All right. So what was that job like?

01-00:42:08

Jamieson:

Well, it was very good. It was a really nice place to work.

01-00:42:11

Hughes:

Why was that?

01-00:42:15

Jamieson:

It was in the Boston suburbs, originally. And it was not a big company, so I had more responsibility there than I might have had in a bigger company. My boss was actually a mentor, too.

01-00:42:34

Hughes:

Really.

01-00:42:34

Jamieson:

He taught me a lot. We would go out to—there was a local restaurant where we could go out every day and we'd have lunch. Not just he and I—the whole crew. At that time you could get a lunch for 99 cents, so we'd have a 99-cent lunch, and he would take the opportunity to expound on his management theories and technical ideas, and I just listened. And he was very good.

01-00:43:04

Hughes:

Was this changing any of your ideas about what you might do in addition to engineering?

01-00:43:27

Jamieson:

Well, it got me interested in the financial side of business more so than I had been, although I was always very cost-conscious in designing products. The only formally organized venture capital organization in the U.S. at that time, as far as I know, was American Research and Development, which was in Boston. And so I read about some of their activities.

01-00:44:04

Hughes:

Because of this mentor? Is that what got you—

01-00:44:08

Jamieson:

No, I'm a compulsive reader. Offering me a book is like offering a drink to an alcoholic. [chuckling] Sorry, but that's the way it is. So I just read everything I could about business, as well as technical literature.

01-00:44:31

Hughes:

Was Georges Doriot influential in any way?

01-00:44:44

Jamieson:

No, but I met ARD people at my next job, which was Adage [Inc.], which was a company started by three MIT graduates, one of whom I'd gone to high school with and worked with at Grumman. ARD was the principal investor in that company.

01-00:45:06

Hughes:

Why did you leave Doelcam?

01-00:45:09

Jamieson:

Oh because Adage offered me a substantial increase in salary and stock options.

01-00:45:19

Hughes:

And stock options.

01-00:45:20

Jamieson:

Yes. As it turned out, they weren't ever meaningful or profitable. I think I'd been making about \$9K a year at Doelcam, and Adage offered me \$15[K].

01-00:45:40

Hughes: Oh that's quite a leap!

01-00:45:43

Jamieson: Which is what I was worth—at least. [laughter]

01-00:45:47

Hughes: No ego there!

01-00:45:48

Jamieson: [chuckling] No. But what really irritated me was that when I went to the general manager of our division and told him I was leaving, he immediately offered me the same salary, and that really got me irritated because to me it meant that they knew all the while that I was worth the \$15K and they didn't give it to me. So that was that, but it was a great place to work. I liked it a lot.

01-00:46:20

Hughes: What was Adage doing?

01-00:46:21

Jamieson: Analog to digital conversion. That was my first experience with transistors, which were just—

01-00:46:31

Hughes: They were just coming in, weren't they.

01-00:46:35

Jamieson: Yes. The big thing there was that advanced transistors, very fast— We were still using germanium transistors, which have a very limited temperature range. But a company called General Transistor, in Long Island, came out with a germanium transistor for a dollar, which was a tremendous price breakthrough at the time. So we started using germanium transistors and other semiconductors.

01-00:47:06

Hughes: My memory's a little blurry on the transistor, but isn't Bell Labs—

01-00:47:17

Jamieson: It was invented there by Shockley and his— There were three inventors.

01-00:47:21

Hughes: And then Shockley goes to California.

01-00:47:24

Jamieson: Shockley left to start— I guess he joined Fairchild. And then I think he left to form Shockley Semiconductor. And people like Gordon Moore and Bob Noyce were there. They split to start Intel.

01-00:47:46

Hughes: Yes.

01-00:48:02
Jamieson: Actually we—Fairchild was one of our vendors. And I can remember making a business trip out here and meeting Gordon Moore and Bob Noyce.

01-00:48:10
Hughes: Oh really.

01-00:48:11
Jamieson: Oh sure. That would have been in the early sixties.

01-00:48:15
Hughes: These people were publishing in the literature. Were you reading that kind of thing? The technical journals?

01-00:48:26
Jamieson: Oh yes, sure.

01-00:48:34
Hughes: Were you following the development of transistors, because this is a hot period.

01-00:48:38
Jamieson: Oh very much so, yes. That's why we were using Fairchild as a supplier. My next job after Adage, which was my first computer-as-such job. A computer control company.

01-00:48:57
Hughes: But should we say more about Adage?

01-00:49:00
Jamieson: Well, Adage was a tragedy in terms of its business development. The CEO was a brilliant tech—this is the story of my life—not my life, but other people's lives that I've had to cope with. Technical people often start companies thinking they have the management skills to run bigger and bigger companies. Well, more often than not, they don't. Bob Noyce is a sterling exception to that rule. He was just terrific. Adage was founded by a brilliant technologist who was personally ill-disciplined and just not a capable manager. So it eventually foundered after I left.

01-00:50:03
Hughes: Would you consider it a startup?

01-00:50:05
Jamieson: It was a startup. I was the fifteenth employee.

01-00:50:10
Hughes: So that was really your first taste of a startup company?

01-00:50:20
Jamieson: Yes, well, Grumman was a very large company.

01-00:50:22
Hughes: You complained earlier on that your first job wasn't very creative.

01-00:50:27
Jamieson: That's right.

01-00:50:28
Hughes: Were you liking the startup environment?

01-00:50:31
Jamieson: [chuckling] Oh it was completely different! It was a lot of pressure. I mean business pressure.

01-00:50:40
Hughes: You mean to get a product out and selling it so some money was coming in?

01-00:50:47
Jamieson: Right, yes. There were always cash flow problems.

01-00:50:50
Hughes: I see. And was it venture capital funded?

01-00:50:54
Jamieson: By ARD. They were the only venture capital investor. Other money came from doctors and dentists.

01-00:51:06
Hughes: With the advantage of talking to you venture capitalists, I know that venture capital is more than just investing money.

01-00:51:43
Jamieson: Oh certainly.

01-00:51:44
Hughes: It's building companies.

01-00:51:48
Jamieson: It should be.

01-00:51:48
Hughes: Well, okay, it should be.

01-00:51:50
Jamieson: Now it's much more investing money. [chuckling]

01-00:51:52
Hughes: Well, I want to hear about that, but we're not there yet. We're in the fifties; we're not up in 2009.

01-00:51:58
Jamieson: That's right. Well, we're in the late fifties, early sixties.

01-00:52:03

Hughes:

What I would like to hear you comment on is how carefully ARD was watching over this company.

01-00:52:14

Jamieson:

Well, one of their principals, whose name was Bill Elfers, who later went on to found Greylock [Partners], which was another one of the early venture capital firms, was on the Adage board. And so I occasionally, not always, but occasionally, went to board meetings. And so I met him, and I got to know the ARD style.

01-00:52:37

Hughes:

How would you describe the ARD style?

01-00:52:42

Jamieson:

Very businesslike, very gentlemanly, very much based on trust. Unfortunately in the case of our company president, some of that trust was misplaced.

01-00:52:56

Hughes:

So would you say they were less likely to step in than maybe you would have done at a later date?

01-00:53:05

Jamieson:

Yes, I think they should have canned the CEO and found a better one.

01-00:53:14

Hughes:

But was that maybe just the style of ARD at that point? That this tighter management of a company that goes along with your style of venture capital wasn't as prevalent at ARD?

01-00:53:34

Jamieson:

I really don't know enough about ARD to say, other than that their biggest hit was Digital Equipment [Corporation]. There the CEO/founder carried the company for quite a long while, although he eventually ran out of gas too.

01-00:53:52

Hughes:

All right, okay. But you're learning things all along, aren't you?

01-00:53:57

Jamieson:

Oh sure, sure.

01-00:53:59

Hughes:

I hope I'm not making too much of this track to venture capital.

01-00:54:05

Jamieson:

It's your interview. [laughter]

01-00:54:07

Hughes:

No, it's your interview!

01-00:54:09

Jamieson:

I'm just here to answer questions.

01-00:54:13

Hughes: I don't think passivity is your nature. [chuckling] Anything more to say about Adage? You were there five years.

01-00:54:29

Jamieson: As my wife will tell you, I was there too long. She kept urging me to leave because of her opinion of our CEO and his cohorts.

01-00:54:40

Hughes: Well, you must have been talking to her quite a bit then.

01-00:54:45

Jamieson: Oh I did, I did. In fact, the company got very low on cash, and I went without salary one time for about six weeks and was bringing my lunch in a brown bag. My team kept asking me—why are you bringing your lunch in? Why aren't we going out for lunch? And of course, I couldn't say, "Well, I'm not getting paid." So I would just say, "Well, I've decided to just watch my diet for a while." Blah, blah, blah, and got away with it.

01-00:55:34

Hughes: Well, I can see why your wife might have been paying attention if you weren't getting paid.

01-00:55:43

Jamieson: Yes. I remember one New Year's Eve we were there till midnight. We weren't out partying—my wife was sitting home. We were there working, trying to ship product before year end. It was something.

[End Audio File 1]

Begin Audio File 2 07-21-2009.wav

02-00:00:08

Hughes: Tape number two, and it's the second hour with Mr. Jamieson. It seems the time to talk about your three children.

02-00:00:23

Jamieson: Okay.

02-00:00:31

Hughes: Do you want to say quickly what they do?

02-00:00:34

Jamieson: Well, my daughter Ellen is a graduate of Mills College. She's been in poor health for about the last ten years but is gradually getting better. She is just about at the point of wanting to get back and start part-time work. I'm taking her to Germany in a couple of weeks to be looked at by a homeopathic doctor that I have a lot of respect for. In fact, she is getting some homeopathic

treatment now, which is the first thing that she's gotten that has really helped her.

02-00:01:40

Hughes: And is it because of her that you got interested in homeopathy?

02-00:01:44

Jamieson: No, I go to Europe four or five times a year. I like Switzerland very much. We've been going there for thirty years. I love the mountains and I love to hike. And I have a very good friend who lives in the German alps who told me about this doctor and some of the results of his treatment. He gives courses as well as practices, and my friend has been to a number of his courses he thinks so well of him.

02-00:02:22

Hughes: Well, I hope it cures her. And then the two other children?

02-00:02:31

Jamieson: My eldest son officially is John Burgess III, but he's called Sandy. He was very blond when he was young. He is in the precious stones and jewelry business.

02-00:02:49

Hughes: How did that come about—briefly.

02-00:02:54

Jamieson: Who knows. I don't know. And my youngest son was at Lawrence Livermore Laboratory but just got laid off due to budget problems.

02-00:03:39

Hughes: So Adage and then Memory Systems Division?

02-00:03:50

Jamieson: At Computer Control Company [1963-1968]. That's right.

02-00:03:51

Hughes: So how did you become employed there?

02-00:03:59

Jamieson: Well, I stayed with Adage until they got through the bad times and their business turned, and I felt things were going well enough so that I could get out of the place, honestly. [chuckling] So I started looking for other opportunities. It was kind of interesting. When I told the CEO that I was leaving he said, "Well, how can you leave when things are looking so good?" And my answer was, "How could I leave when they were bad." So—interesting difference of views. So I left.

02-00:04:38

Hughes: And then why did you move to Computer Control Company?

02-00:04:44
Jamieson: It was a combination of analog and digital design, which is what I had had experience with at Adage. So there was a fit. But there was need for a new level of engineering management there because the company had grown quite well. We were living in Wellesley. The company was in Framingham, so it was an easy commute. And it was also a pleasant place to work.

02-00:05:27
Hughes: It seems like a lot of job changes since graduation. Let's see, one, two, three, four.

02-00:05:42
Jamieson: Well, I do have a problem.

02-00:05:43
Hughes: What's your problem?

02-00:05:45
Jamieson: I'm not very good at working for other people, [laughter]

02-00:05:48
Hughes: I might have guessed! But you're slowly working up the hierarchy, aren't you?

02-00:05:55
Jamieson: Oh sure. I had more and more people to manage, sure.

02-00:06:00
Hughes: But you still were having to report to somebody at Computer Control Company?

02-00:06:03
Jamieson: I reported to the chief engineer, and he and I got along fine. We used to have reviews on a regular basis. I'm sure I left Adage making more than I did when I started, but there was no organization there to have anything that was regular. Anyhow, we had regular reviews [at Computer Control], and at one of my last ones he told me that I caused more trouble than anyone else who reported to him. And I said, "Well, why do you put up with it?" And he said, "Well, it's because you get so much done." And I said, "Well, maybe that's why I cause so much trouble!" [laughter] But we were good friends, and we still are.

02-00:06:59
Hughes: But he wasn't a mentor in the way that the man at Doelcam was.

02-00:07:07
Jamieson: No. My manager at Doelcam was the best mentor I had in my whole career.

02-00:07:19
Hughes: Anything more to say about Computer Control Company?

02-00:07:25
Jamieson: Well, then I became chief development engineer.

02-00:07:28
Hughes: This was 1963 to 1968. Why don't you say something about the status of the computer industry at this time.

02-00:07:41
Jamieson: I think the Digital Equipment PDP-16 was probably the first true minicomputer. And at that time we had, typically, 24-bit word lengths which led to more capability, but Digital had the right, really the right product. So our follow-on to our 24-bit machine was the DDP-16, which was a very successful product.

02-00:08:20
Hughes: I see, and was Computer Control Company thinking of personal use at this point?

02-00:08:31
Jamieson: No. Our fully populated computer, of the kind that we built, could easily take up a room the size of this office.

02-00:08:42
Hughes: Really!

02-00:08:46
Jamieson: It would be less powerful than what's sitting on my desk. [chuckling]

02-00:08:49
Hughes: These computers would be for industry use?

02-00:09:03
Jamieson: More military at that time. The space program, pretty much, was a big user of minicomputers.

02-00:09:10
Hughes: And is that pretty true of all these companies? That the military contracts were a big part of their business?

02-00:09:20
Jamieson: Military and research applications were where the minicomputers were first used. Business use, very large computers, which Honeywell made, and IBM, of course, was the lead producer in that market.

02-00:09:35
Hughes: Do you have any opinion about how it is to work under government contract?

02-00:09:44
Jamieson: I was pretty well detached from all the contract stuff.

02-00:09:49

Hughes:

I'm leaping ahead to all the screw-ups we read about in military contracting, in the wars nowadays. Was the system better in those days?

02-00:10:11

Jamieson:

Well, we were not doing any government-sponsored research or development. We were selling products based on commercial systems. But we had a systems engineering department that would configure and add peripherals for military applications. I had nothing to do with that. I was on the product development side of the business. But wars are won by those who make the least mistakes, not by those who do everything right.

02-00:10:44

Hughes:

Is that a Jamieson adage?

02-00:10:48

Jamieson:

Yes, I'm full of adages. [laughter]

02-00:10:53

Hughes:

Then you go to Los Angeles to work for Electronic Memories and Magnetics.

02-00:11:05

Jamieson:

Right. That was a monumental move.

02-00:11:07

Hughes:

Why did you do it, and what did you find?

02-00:11:14

Jamieson:

It was a chance to get into general management much faster. Oh, by that time Computer Control Company had been acquired by Honeywell, so I was back with Honeywell again. It was a good company, but they had their practices as to advancement into general management. I thought it would take me another five years to get into some general management role at Honeywell, and I could immediately do that at Electronic Memories.

02-00:11:50

Hughes:

Your life, as you'd led it so far, had been very East Coast-oriented.

02-00:12:01

Jamieson:

Right.

02-00:12:03

Hughes:

What was it like to go to this place called Los Angeles?

02-00:12:06

Jamieson:

Well, I'd been there many times on business, and I always thought it was the last place in the world that we'd want to live. [chuckling] So, in fact, we thought about the offer for five months before I decided to take it. The way I sold it to my wife was, "Well, we'll go out for a year and try it out, and if it

doesn't work out, we'll just move back again, and I'll get another job back here."

02-00:12:32

Hughes: And here you are, not quite in Southern California.

02-00:12:36

Jamieson: Still stuck here. Just stuck in the mud. [laughter]

02-00:12:44

Hughes: So did your wife end up liking it?

02-00:12:47

Jamieson: She liked the Los Angeles climate, and we lived in a suburb that was very eastern, so it was much more comfortable than what one usually thinks of when Los Angeles is mentioned.

02-00:13:02

Hughes: And how did the general manager job turn out? Did it live up to your expectations?

02-00:13:12

Jamieson: I was in over my head, really, which is when I've learned the most in my career. I felt significant pressure to pick up all the financial stuff that I never had anything to do with at Computer Control, and manage a plant in Hong Kong as well as our local plant—that was an eye-opener.

02-00:13:39

Hughes: Were you learning by doing?

02-00:13:43

Jamieson: Sure, yes.

02-00:13:47

Hughes: [reading] You started a new subsidiary in Singapore.

02-00:13:49

Jamieson: I've said many times that I've always learned the most in my career when I've been in a little over my head.

02-00:13:56

Hughes: Because that's where the challenge lies, right?

02-00:14:02

Jamieson: Sure, right.

02-00:14:03

Hughes: And you don't panic, I don't imagine.

02-00:14:05

Jamieson: No. [chuckling]

02-00:14:06
Hughes: I surmised that you didn't.

02-00:14:09
Jamieson: I made a lot of mistakes, but no great big ones.

02-00:14:22
Hughes: You were there three years, and then in that period, you were chief operating officer at Sycor, [Inc.], in Michigan.

02-00:14:34
Jamieson: Right. That was the low point of our marriage, because I was only home every other weekend. I couldn't take the jet lag of flying home every weekend. It was a three-hour time difference.

02-00:14:50
Hughes: So you had a flat in Michigan.

02-00:14:53
Jamieson: I had an apartment that I rented. Well, for six months I lived in the local Hilton, and I could see that that was just too much transience for me, so I got an apartment.

02-00:15:05
Hughes: And why were you willing to make such sacrifices for this company? What is Sycor?

02-00:15:16
Jamieson: It was a company that had the first microprogrammed computer terminal. The technology was outstanding; the management was very weak. So my company, Electronic Memories, invested in Sycor. Sycor was a public company, and I think the public stock at that time was trading for around \$12. We bought a convertible preferred at about \$4 a share, and that was general knowledge in the company. And I remember I had to have a company meeting shortly after I got there to introduce myself and answer questions. One of the questions was, "Well, if Sycor stock is trading for \$12, how were you able to invest at \$4?" I never expected that one. So I had to think fast, and my answer was, "Well, it's the difference between the retail and the wholesale price." And amazingly, no one asked what I meant by that—that was the end of the questions about the stock price.

02-00:16:39
Hughes: And you sighed a sigh of relief!

02-00:16:42
Jamieson: I thought it was outrageous myself. It was an outrageous answer!

02-00:16:48
Hughes: All right, so that position went on for only about a year.

02-00:16:57
Jamieson:

That was a tremendous learning experience.

02-00:17:00
Hughes:

Please tell me about that.

02-00:17:03
Jamieson:

Well, the reason we were able to invest was that the company was running out of cash, so they needed money, and we were able to negotiate a very favorable price. After I got there, I cut the employment way back, got the cash burn rate way down. They had product quality problems. Our major customer was Olivetti, originally an Italian typewriter company. I went to Italy and renegotiated the contract that we had. The place was running like a hobby—at 5:00 the engineering lab would be dead; everyone would be gone. [chuckling] So I knew the style had to change drastically, and I did it by setting an example. I was there. And after about six months, people started sticking around until later, and we solved the quality problems and things started clicking, things got a lot better.

02-00:18:19
Hughes:

Electronic Memories and Magnetics bought Sycor?

02-00:18:29
Jamieson:

Electronic Memories invested in Sycor; they didn't buy it. It was still a public company. Then when things got running better, I was able to go out and raise venture capital from venture capitalists to fund the growth and the operations.

02-00:18:47
Hughes:

So that was your first taste of venture capital?

02-00:18:50
Jamieson:

No, I didn't mention that at Electronic Memories the officers had a little private venture pool going, and I participated in that. I was able to because we had always saved money compared to the modern style. [chuckling] So I actually had some capital to invest in startups.

02-00:19:15
Hughes:

And you must have done all right.

02-00:19:18
Jamieson:

Yes.

02-00:19:19
Hughes:

Or you would not have continued.

02-00:19:21
Jamieson:

Well, I didn't understand how difficult a business venture capital was. That's why I got in it! I thought it was easy, looking in from the outside.

02-00:19:35

Hughes:

At that point were you thinking further than, this is an investment that might make me money? Were you realizing that there was probably more to it?

02-00:19:47

Jamieson:

No, my focus was on backing startup companies and turning them into bigger, profitable companies. I never thought about it as a way of making a lot of personal money. Although I think I realized at Sycor that I'd never been, up to then, in a situation where I had any significant equity play in any of the companies where I worked. I had Honeywell stock options. They were nice, but they didn't amount to a fortune.

02-00:20:32

Hughes:

But you just said that it was personal investment at Electronic Memories.

02-00:20:40

Jamieson:

Yes, they turned out well.

02-00:20:41

Hughes:

You were hoping to make some personal money?

02-00:20:46

Jamieson:

Oh that turned out very well, yes. What didn't turn out well was my being in Michigan. So that's what led to my leaving Electronic Memories and Sycor.

02-00:21:01

Hughes:

But you wouldn't have had to leave Electronic Memories, would you?

02-00:21:15

Jamieson:

Well, I couldn't go back to my previous general management job, so without that there really wasn't any particular reason to stay.

02-00:21:23

Hughes:

Your responsibilities now were totally with Sycor.

02-00:21:32

Jamieson:

Oh yes.

02-00:21:33

Hughes:

It wasn't just that you were overseeing Sycor.

02-00:21:36

Jamieson:

No, I had nothing to do with EMM's business at that point.

02-00:21:38

Hughes:

I see. In 1971, you become special limited partner—and I don't know what the special means—in WestVen Management.

02-00:21:56

Jamieson:

It should be WestVen, incidentally. That's a typo [in my CV].

- 02-00:22:20
Hughes: Was this a venture capital partnership?
- 02-00:22:39
Jamieson: Yes, of which the Bank of America was the general partner. That's why I was not a general partner, although the actual management were limited partners.
- 02-00:22:50
Hughes: Now is it quite common, by this time, for corporations to have a venture capital wing?
- 02-00:22:59
Jamieson: Oh the way to get in the business at that time was to join a bank-affiliated venture fund, which is what WestVen was. The Bank of America also had its own SBIC, which was separate from WestVen.
- 02-00:23:13
Hughes: Well, when did the non-SBIC—divisions would you call them?—begin to arise in American business?
- 02-00:23:25
Jamieson: I'd say in the sixties, the late sixties.
- 02-00:23:30
Hughes: Was it what we would think today of venture capital—it just happened to be within a larger company? They were doing the same kinds of things?
- 02-00:23:45
Jamieson: The bank-affiliated funds were doing just what we're doing—the same kind of venture capital, yes.
- 02-00:23:53
Hughes: And that's what Reid Dennis was doing for Fireman's Fund?
- 02-00:23:57
Jamieson: It was with American Express, yes. He was with Fireman's; it was acquired by American Express.
- 02-00:24:04
Hughes: I remember that Bob Swanson, who becomes co-founder of Genentech, first came out for the venture capital aspect of Citicorp. Citibank, maybe it was called at that point.
- 02-00:24:22
Jamieson: Yes, I think so.
- 02-00:24:23
Hughes: So it is a thing that's happening.
- 02-00:24:26
Jamieson: It was the way you get into the business. Of course, private or independent venture funds are much more interesting than the bank ones. Because in the

case of the bank ones, I think they took a significant part of the carry, probably paid people's salaries and bonuses. I don't really know. I had a limited partnership interest at WestVen. I don't even remember now how much it was, but it was not in any way equal to the ownership of a private venture firm.

02-00:25:04

Hughes: But is this a full-time job?

02-00:25:10

Jamieson: Sure. Oh yes.

02-00:25:13

Hughes: So give me a flavor of what was happening.

02-00:25:15

Jamieson: Well, I was at Sycor and commuting to Los Angeles. And I was introduced to Philip Greer, who had been with A.G. Becker, which was a significant securities firm in New York. He left to form Weiss, Peck, and Greer, which was a small sort of boutique Wall Street investment banking firm. Through a co-investment with Bank of America, he had been on a board with one of the vice-presidents of Bank of America, and he talked that person into sponsoring the start of this venture fund, WestVen. And I was introduced to Philip Greer through a mutual friend.

02-00:26:08

Hughes: Why would Philip Greer be interested in having you as a partner?

02-00:26:17

Jamieson: I had some operating skills, which he didn't. He was a financial person.

02-00:26:22

Hughes: So were you to be the one who actually looked over these companies in terms of their management?

02-00:26:30

Jamieson: Oh there were a number of limited partners or staff members. Phil was very active in looking at companies from a financial point of view.

02-00:26:41

Hughes: I interpreted what you said was that you were more to look at how they operated. Is that not right?

02-00:26:53

Jamieson: Yes, I think that's true.

02-00:26:57

Hughes: Philip Greer was looking back at your considerable experience in actually running businesses.

02-00:27:09

Jamieson:

I don't really know. I think the idea might have been that if companies needed to have operating help, I could do something about it, or I could evaluate what their operating skills were. I remember him telling me that some of his partners in New York, or maybe it was acquaintances, asked, "Well, why are you bringing an operating person into a venture capital business?" [chuckling] So that was the New York view of venture capital, that it was just another sort of investment and that a venture capitalist would not take an active role in managing any business. Whereas my view was that the venture capital business was really more the development of new businesses than a financial activity and that if the business development were successful, the financial success would follow.

02-00:28:14

Hughes:

Was that something that you had gotten from your observation of ARD?

02-00:28:24

Jamieson:

I think that influenced it to some extent. However, I had not seen ARD involve itself as directly in management as I later involved myself.

02-00:28:42

Hughes:

Well, you spoke about the company that floundered for a long time without ARD stepping in.

02-00:28:50

Jamieson:

I think they were too tolerant of the CEO.

02-00:28:54

Hughes:

But also, you'd had gradually more and more management experience, hadn't you, in these various jobs that you'd had? I mean, you'd been a pretty hands-on-the-company type for a number of years now.

02-00:29:09

Jamieson:

Sure. That's right.

02-00:29:10

Hughes:

You were coming at it from a different perspective, I would think, than the investor wanting to make a bit more money but not interested in the company per se. It was just the investment.

02-00:29:30

Jamieson:

That's right. In fact, I'm educationally unqualified for what I've been doing for thirty years or thirty-five years. [laughter]

02-00:29:37

Hughes:

Oh everybody notes that too! It's just a miracle how you happened to stagger along.

02-00:29:44

Jamieson:

I'm very good at fooling people! [laughter]

02-00:29:48

Hughes:

Is it too cliché to use this difference in ways of looking at risk investment as an East Coast/West Coast division?

02-00:30:08

Jamieson:

[pause to think] That's a good question. No, I wouldn't [look at it that way.] For instance, Arthur Rock, who at the time I think was in New York, was the principal backer of Intel. And he certainly, I think, had in mind building a substantial business. Well, it's hard to imagine Bob Noyce not being successful, in retrospect! [laughing] Maybe it was much less clear then. You should interview Arthur Rock.

02-00:30:57

Jamieson:

Bob Noyce, unfortunately is dead. His favorite weakness was he was a chain smoker and never stopped. I admired him very much. He was an MIT graduate too.

02-00:31:41

Hughes:

Maybe we're jumping ahead, but the East/West thing interests Pete Bancroft and me: what there is about this region that has been so welcoming of venture capital and high technology in general.

02-00:32:07

Jamieson:

Certainly the New York-based venture investors never invested with the idea of having any direct involvement in the businesses. I mean, the Rockefellers; I can't think of the other [firm name], the second name is Trask—I forget its first name. He was very prominent, Spencer Trask; it was an early venture firm. Never thought, I think, of building businesses in the sense of having personal involvement in them. They thought of providing a tool with their money, I think, which was another way to view the business.

We'll get ahead of the story, but after Institutional Venture Associates really fell apart, loosely speaking, I was approached by Schroders, a London firm, to start a venture fund for them. We had a discussion of business styles, and theirs was that they wanted someone to do lots of deals on the basis that a few of them would work out very well. Now that's the financial approach: be well diversified and something will work, even though many don't. I said, "Well, I'm sorry, that's not the way I want to engage in the business. I feel that the business should be one of building companies, and if the company-building is successful, then the money will follow." So we had a pleasant discussion but a firm parting of the ways.

02-00:34:12

Hughes:

Well, please get back to what this region itself might provide for people like you. You did end up in California, and you could have returned to the East Coast. There must have been something here that kept you.

02-00:34:37

Jamieson:

Well, I'll give you a couple of reasons. One was that it was too easy to stay. We had a nice house in Wellesley, and the kids were happy. It was a very pleasant place to live. The other one was that I didn't want to get to be [chuckling] retirement age—I'm laughing because I'm well past the usual retirement age now—and be wondering what would have happened if we'd moved to the West Coast. [chuckling] That's why I said, "Well, we'll go out for a year and try it out."

02-00:35:22

Hughes:

Forty years later.

02-00:35:24

Jamieson:

Yes, forty years later. There are things that would have been better in the way of just general lifestyle for us in the East. I'm much more of an easterner than a West Coast person. But all in all, there's been more business opportunity here than there would have been there.

02-00:36:00

Hughes:

And is that in the end what kept you here?

02-00:36:08

Jamieson:

[pause to think] Well, I think what kept me here was that I was always busy. [chuckling]

02-00:36:13

Hughes:

No time to move!

02-00:36:15

Jamieson:

No time to think about drastic changes.

02-00:36:18

Hughes:

You know Californians like to think of this particular region, Silicon Valley, as being a risk-tolerant area. Do you find that's a credible way of looking at it? That people here are willing to start businesses that have a good chance of failing, and if they fail they just—they start another business. Or is that a myth that people here like to propagate?

02-00:37:02

Jamieson:

Well, I think that Stanford University had a lot to do with creating the environment that led to the start-up business in venture capital opportunity, something which MIT I think missed the boat on.

02-00:37:21

Hughes:

Oh do you?

02-00:37:22

Jamieson:

Sure. Early on. The only significant, the only company that was an MIT spinoff that really got big was Digital Equipment, and that, of course, is gone. It ended up in failure. There are no Intels in the Boston area or on the East Coast generally.

02-00:37:45

Hughes:

I interviewed, some time ago, Niels Reimers, who was head of the Office of Technology Licensing at Stanford. I thought it was indicative that at one point in his career he went from Stanford to MIT to get their licensing office up to speed. Historically you would think it would go the other way—that MIT had been in the technology field longer than Stanford had, and it should have all the appurtenances for technology transfer and all of that.

02-00:38:23

Jamieson:

It never had the leadership. I give most of the Stanford credit to Professor [Frederick] Terman. He was just an outstanding personality. There was no equivalent MIT personality.

02-00:38:41

Hughes:

In the end it does take, in many cases, an individual who has that particular drive. Niels Reimers saw that wonderful work was coming out of Stanford, and some of it was patented, but nobody was working hard on making active licenses.

02-00:39:17

Jamieson:

Well, Reid Dennis had a partner after I left that was from the Stanford licensing activity—John Poitras.

02-00:39:29

Hughes:

Yes, I know that name.

02-00:39:37

Jamieson:

He was not a long-term player in the venture business, and I don't know much about why not. Reid could make some comment.

02-00:39:53

Hughes:

I didn't know to ask him.

Well, I kind of diverted us. Well, what is there to say about WestVen as, I guess we would say, your formal introduction to venture capital? Is that fair?

02-00:40:38

Jamieson:

Yes, in those days the way to get into the business was by joining a bank-affiliated venture fund. And I knew, at the time I made the decision to do that, that Phil Greer and I were not likely to be together long.

02-00:41:00

Hughes:

[chuckling] Would you care to go into that?

02-00:41:04

Jamieson:

Let me make a general comment, which is that I think people from Wall Street or New York, have much more of a transaction mentality than an investor mentality. Phil's emphasis was on doing deals. He was like Schrodgers, I think—the more deals done, the better he would like it. And I was much more

interested in the operating side of businesses and in trying to be selective in choosing businesses which had a good long-term chance of success. So it's not a matter of right and wrong; it's just a matter of different approaches to the business. So I thought, eventually, our differences would accentuate rather than minimize, and in fact they did.

02-00:42:12

Hughes:

I've talked to Bill Draper, as I mentioned, and he claims that Draper, Gaither, & Anderson was the first venture capital firm. I suppose he's meaning free-standing—not associated with a larger company. But would you even go that far?

02-00:42:32

Jamieson:

Well, I believe ARD was; I think they started in 1957. Draper, Gaither & Anderson were in business before then?

02-00:42:46

Hughes:

No.

02-00:42:58

Jamieson:

[Georges] Doriot had taught at Harvard Business School.

02-00:43:02

Hughes:

That's right. Maybe Bill said on the West Coast.

02-00:43:13

Jamieson:

As far as I know that was certainly so.

02-00:43:16

Hughes:

Were you aware of the free-standing limited partnerships that were beginning to spring up?

02-00:43:28

Jamieson:

Sure, sure.

02-00:43:28

Hughes:

Because by '72, there's also Kleiner & Perkins.

02-00:43:34

Jamieson:

That's right.

02-00:43:36

Hughes:

And maybe others.

02-00:43:39

Jamieson:

In fact when IVA started, we and Kleiner Perkins were the only venture firms at 3000 Sand Hill [Road, Menlo Park].

02-00:43:49

Hughes:

I looked for Kleiner Perkins on the directory there, and I didn't see them listed.

02-00:44:00
Jamieson: Oh they're not here anymore. They have their own building down the road. They're much too big for 3000 Sand Hill.

02-00:44:21
Hughes: Should we get into Institutional Venture Partners?

02-00:44:37
Jamieson: It was IVA [Institutional Venture Associates] originally.

02-00:44:40
Hughes: Were you part of IVA?

02-00:44:42
Jamieson: Sure. I was a founder, along with Burt McMurtry and Reid Dennis and one other partner. IVP is the current name, but when I was there, I believe it was Institutional Venture Associates, so that could be changed.

02-00:45:24
Hughes: Reid Dennis made a distinction between the two.

02-00:45:28
Jamieson: Yes, IVP is what he carried on with after IVA disbanded.

02-00:45:35
Hughes: Was IVA founded in 1973?

02-00:45:39
Jamieson: Yes. Well, it actually raised its capital in '74, but it started in '73. I was there from September of '73 on.

02-00:45:51
Hughes: Do you want to talk about how the three of you, right, are the general partners? Reid Dennis, Burt McMurtry, and—

02-00:46:03
Jamieson: Well, there were four. The fourth one left the partnership.

02-00:46:06
Hughes: Oh, who was that?

02-00:46:08
Jamieson: Jim Norris. He worked for Reid at American Express.

02-00:46:13
Hughes: Yes, I remember the name now. Do you want to say how you met and how you decided to form this enterprise?

02-00:46:24
Jamieson: One of the companies that the officer group of Electronic Memories invested in was Storage Technology, in Boulder, Colorado. Reid looked at the same startup, I guess for American Express. He was on the board of Storage Tech.

And we had a venture capitalist association, Western Association of Venture Capitalists, which at that time met for lunch about once a month in San Francisco, and I got to know Reid by being active in that organization.

02-00:47:11

Hughes: And Burt McMurtry?

02-00:47:16

Jamieson: He was in the venture business with a person named Jack Melchor.

02-00:47:22

Hughes: Oh yes.

02-00:47:24

Jamieson: I don't recall the name of their partnership, but I think he and Jack had differences in style. Their principal investor was an Arabian—

02-00:47:37

Hughes: That's right. The name begins with K.

02-00:47:41

Jamieson: Khashoggi. Adnan Khashoggi.

02-00:47:41

Hughes: Yes, exactly.

02-00:47:41

Jamieson: I do remember some names! [chuckling] Of course that business, as a private venture fund, preceded IVA. It was really a family fund for this Khashoggi family; it was not an organized entity.

02-00:48:25

Hughes: So what was the genesis of the IVA partnership?

02-00:48:50

Jamieson: Reid had been a personal venture investor since the early fifties in Ampex, for instance. I think he did Measurex.

02-00:49:04

Hughes: Yes, he did, and he did well.

02-00:49:08

Jamieson: Did very well, so he wanted to get in the venture business. He was in the mutual funds business with American Express, so they decided to split, and he got American Express to back him contingent on his finding suitable partners [chuckling] who turned out to be Norris—well, Norris was there [at American Express]—who turned out to be Burt McMurtry and me. So that's how we all got together.

And then we spent about nine months trying to raise money in the midst of the '73 oil crisis and the market decline. It was just like today, or the past few

months. And I remember we visited—I think it was Travelers Insurance and had a very good meeting with Eli Shapiro, who was their chairman and also on the Harvard Business School faculty, and their V.P. of investments. We thought we'd had a great meeting, so we all came back here and waited about three weeks and heard nothing.

So since Reid was the senior partner, we elected him to make a call and see what was going on, why we hadn't heard. So he called this VP of investment at Travelers and said that from our view we thought we'd had a very good meeting and were looking forward to having them as limited partners, and what was their thinking? And there was a few seconds of silence on the other end of the phone and then this VP said, "What's the matter with you guys on the West Coast? Don't you know the sky is falling?"

So that was the end of Travelers. And then we had another insurance company, I think it was, who had committed and which backed out a couple of months before our planned closing, and that put us below our minimum capital, which I think was \$15 million. So we had to start over again, and we had to tell all of the committed partners that we were below our minimum and so we could not close as planned. Wonderful.

02-00:51:37

Hughes:

Yes, just a great way to start a partnership.

02-00:51:40

Jamieson:

What a friend, what a friend! [laughter]

02-00:51:43

Hughes:

What was this doing to you psychologically?

02-00:51:47

Jamieson:

Oh it was tough.

02-00:51:52

Hughes:

Did you ever think, I'll just go back and get a job?

02-00:51:54

Jamieson:

I never thought about it, no. I thought something would happen, and as I say, in those days, starting in the fifties, I was full of optimism. I didn't know enough to be critical.

02-00:52:12

Hughes:

What about your wife? Your wife had stepped in before when you weren't getting paid and said something.

02-00:52:17

Jamieson:

That's right. Oh well, I stayed at Adage much past the not-getting-paid period.

02-00:52:27
Hughes: She must have been getting a little concerned about this new partnership going nowhere or maybe going down.

02-00:52:34
Jamieson: I imagine she was.

02-00:52:39
Hughes: But she was not saying so?

02-00:52:39
Jamieson: Maybe I didn't want to have an answer, so I didn't ask her. [chuckling]

02-00:52:47
Hughes: Well, shall we stop there? I have some questions off-tape to get me oriented for the next interview. Is that all right with you as a pause?

02-00:52:55
Jamieson: That's fine.

Interview #2: July 28, 2009
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03-00:00:28
Hughes: Today is July 28, 2009, and this is the second interview with Mr. Jamieson. I want to start with a comment that you made last time. You said something to the effect that IVA, which is Institutional Venture Associates, fell apart.

03-00:00:56
Jamieson: Yes, right.

03-00:00:58
Hughes: Why? Give me some background.

03-00:01:02
Jamieson: Well, I was not really directly involved, but there was a conflict between my two other partners. One felt, in view of what he had contributed to the partnership in the way of successes, he was unfairly compensated in terms of his ownership, whatever, and that he should have a larger ownership share in any successor partnership. I had no opinion on the matter; I was not involved in the discussion at all. So I found out about it after the fact. [chuckling]

03-00:01:43
Hughes: I see.

03-00:01:48
Jamieson: Well, it was quite a surprise to me, and not a happy one. But like many other events in my life, things that at the time seemed to be great misfortunes turn out very much for the better, so it was one of those.

03-00:02:07
Hughes: Meaning that then you had to find something else?

03-00:02:11
Jamieson: Well, no. Frankly, I was fed up with partners after hearing what happened, and for four years I just went back to investing my own capital, which worked out fine because that really laid the foundation for Sigma I.

03-00:02:30
Hughes: It wasn't yet Jamieson and Company?

03-00:02:36
Jamieson: I had started Jamieson and Company before Sigma [Partners], because my two partners—each had gone off and started a new institutional partnership. I was involved in neither of those, so I wanted to continue investing, and the vehicle was Jamieson and Company.

03-00:02:56
Hughes: So your two former partners somehow found a *modus operandi*. IVA became Institutional Venture Partners at that point, didn't it?

03-00:03:12
Jamieson: Yes, and Burt McMurtry started a new partnership at the same time, Technology Venture Investors. TVI.

03-00:03:29
Hughes: Yes, TVI. So they worked it out somehow.

03-00:03:38
Jamieson: Well, they worked it out to separate. They didn't want to be in business with each other.

03-00:03:43
Hughes: According to your chronology, you were at IVA/IVP from 1973 to 1994—is that indeed right?

03-00:04:01
Jamieson: Oh well that was the legal dissolution of the partnership. This controversy, or this disagreement, took place in 1980, and the legal entity continued because the partnership still had investments which had to be liquidated.

03-00:04:21
Hughes: I see, but you were not active in it at that point?

03-00:04:31
Jamieson: Reid Dennis had the longest-lasting investment that required that the partnership continue in business.

03-00:04:39
Hughes: I see, but it wasn't starting any new deals.

- 03-00:04:43
Jamieson: It wasn't doing any—it was just liquidating slowly [chuckling]
- 03-00:04:47
Hughes: I see, I see. Okay. You can see how it's a little confusing to me, though.
- 03-00:04:51
Jamieson: I understand, yes.
- 03-00:04:56
Hughes: And then Sigma Partners [1984-1993] came along, and I know that your partner was named Brad [C. Bradford] Jeffries. How did you become partners, and what was his background?
- 03-00:05:08
Jamieson: Well, he was actually the attorney for the formation of Sigma. After the money was raised, there was some question as to what would happen if I became disabled or incapacitated. The solution was that he was given a minor partnership interest in exchange for becoming a partner.
- 03-00:05:38
Hughes: But Sigma was really Burgess Jamieson.
- 03-00:05:45
Jamieson: Yes, I raised the money, right.
- 03-00:05:47
Hughes: And how did you raise the money? What were you hoping to invest in?
- 03-00:05:55
Jamieson: Well, those are two different questions.
- 03-00:05:57
Hughes: Well, please start with one.
- 03-00:05:59
Jamieson: How I raised the money was I took the easy route, although I had it backwards what would happen. I thought it would be very hard to raise the money and very easy to assemble a group of partners—and the reverse was true. It was much easier to raise the money than I thought and much harder to staff the partnership. I never had any intention of running it as a one-man general partnership. The way I raised the money was to pick off the low-hanging fruit by going around to the partners of IVA and asking them for money. My recollection is that about half the capital came from former IVA partners. So once that much was raised, it was easier to attract other money, although the last capital came from Sanwa Bank in Japan, to which I was a consultant for about ten years starting in 1980.
- 03-00:07:09
Hughes: Going back to IVA partners wasn't considered fishing in the same pond?

03-00:07:17
Jamieson:

Well, Reid and Burt had already done the same thing, so they had hardly any reason to complain, and they didn't complain. Although I'm told that Reid said, when he was about to start his second partnership, that I'd taken all the money. But that wasn't true. [chuckling]

03-00:07:38
Hughes:

He somehow found some more somewhere.

03-00:07:40
Jamieson:

Sure, of course. He's very good at raising money.

03-00:07:43
Hughes:

All right. Then the second question—what did you do with it?

03-00:07:48
Jamieson:

All right. I thought that a decision to invest in Sigma Partners would be exceptionally easy, because for four years I'd been doing startups, and I could simply cherry-pick, as it were, my own portfolio, get in some very good companies in later rounds, and therefore have lower risk than a typical venture capital partnership. And in fact that was true, because we only lost 5 percent of our capital. [chuckling] One of the partners, I think it was Rod Adams of Stanford, complained and said, 'Well, Burge, that means you weren't taking enough risk.' [laughter]

03-00:08:41
Hughes:

So you can't win, can you!

03-00:08:43
Jamieson:

You can't please everyone. You can't please everyone.

03-00:08:45
Hughes:

I gather that 5 percent is a very low number.

03-00:08:48
Jamieson:

Oh absolutely.

03-00:08:50
Hughes:

What is more average?

03-00:08:52
Jamieson:

I don't really know, but I would say there are some partnerships that lose all their capital! Not many, but there have been some real bloopers along the way. More in the later years than recent, although I'm aware of one group, one partnership, that started about the time of Sigma with a faulty concept which did lose all of its capital. In fact, it raised some debt and not only lost its original capital but all the debt as well. Needless to say, those people are not in business now. [chuckling]

03-00:09:35

Hughes:

I bet they're not. When investors have that kind of experience, is it your experience that they're very leery about further investment? Or do they just say, "Well, that was a bad deal; I'm going to go on to better ones."

03-00:09:53

Jamieson:

Well, the statistics show that there's a great adherence to investing in venture capital/private partnerships in spite of greatly reduced rates of return in this century. I think the returns in the venture capital business, in general, peaked in 2000 or 2001, and they've never been the same since.

03-00:10:25

Hughes:

But is that pattern because the returns may be lower, but they're still better than other forms of investment? Why do people continue to invest in venture capital?

03-00:10:39

Jamieson:

Well, to begin with, there are other kinds of investment that yield better rates of return in recent years. As to why institutions continue investing, you'll have to ask them. Other than an indirect interest in Sigma partnerships that have formed since then, I've only made one venture capital investment since I left Sigma, and that's [in] a German firm that's oriented towards startups.

03-00:11:15

Hughes:

You said, the returns peaked in 2000-2001.

03-00:11:27

Jamieson:

Yes, the rates of return were very good in the late twentieth century. I was talking about the twenty-first century [when the returns went down].

03-00:11:44

Hughes:

Well, that's understandable with the economic downturn.

03-00:11:48

Jamieson:

From what I see, the typical, the average of many funds in terms of return on cash is one-and-a-half times, compared to many times that. The last Sigma partnership, of which I was the managing partner, returned eight times its cash. That was an '89 partnership.

03-00:12:15

Hughes:

Well, since the subject has come up, namely the economic downturn, do you have observations to make?

03-00:12:30

Jamieson:

Well, personally I feel that the fiscal and monetary policies of our government are incorrect and will lead at some point in future time to significant rates of inflation as were experienced in the seventies. There's no justification or validation yet for the huge bailout funds that have been established, and even the president of Czechoslovakia, when he saw what the U.S. was doing, declared it as "the road to hell."

03-00:13:15

Hughes: I read that.

03-00:13:16

Jamieson: I'm inclined to agree with him.

03-00:13:20

Hughes: Do you believe, however, that financial institutions need some restructuring?

03-00:13:27

Jamieson: Well, certainly the educational institution endowment funds have to significantly change their policies, because they're very heavily oriented toward private partnerships, which involve lockups of many years and continued capital calls over some time period. In fact, some funds apparently don't have the liquidity to make the capital calls that they're subject to, so they have a big problem.

03-00:14:05

Hughes: If you were directing one of these funds, what would you be investing in?

03-00:14:13

Jamieson: Well, I would be more inclined to invest in assets that are more inflation proof. I would say, in general, that precious metals are a significant opportunity and very liquid. Both the metals themselves and the companies that mine them have assets in the ground, and you can extend that to oil, uranium, even base metals, which largely track rates of inflation in their market prices.

03-00:14:57

Hughes: Do you see institutions moving in those directions?

03-00:15:01

Jamieson: Just starting. Well, some have recognized that danger earlier, but there still is no large general trend toward that. I sit on a couple of investment committees, and in one case we have a well-known advisory firm counseling us, and—

03-00:15:30

Hughes: Investment committees at educational institutions?

03-00:15:33

Jamieson: No, these are cultural ones. I recommended an investment in an asset that I felt was more inflation proof than many others that we have. After considerable discussion over quite a few months we agreed to invest in that asset, and I turned to our advisor/representative and asked him if among his clients if any of them had investments in this particular asset and he said, "No." And my answer was, "Good!" [laughter]

03-00:16:14

Hughes:

Well, what about your own business? What about Jamieson and Company? How has it been affected, and what are you maybe doing differently than you were doing in good times, aside from investing more broadly?

03-00:16:31

Jamieson:

Well, what do you define as good times? Is that 1999 or 2007?

03-00:16:37

Hughes:

Well, all right, better times. Pre-the downturn, which I guess you date back to late 2008, right?

03-00:16:47

Jamieson:

Well, it actually started in spring of 2007, I would say. But other people have different opinions. Well, I have liquidated a lot of equities. For years, because of my age, I have more fixed income investments than I ever dreamed that I would have when I was in the venture capital business, and that's been good. I've been diversified into foreign currencies since 2002; that's worked out very well because of the weakness of the dollar. I have added to my positions, or my position, in inflation-resistant assets, and so far that's worked out well. But on the other hand, I have to say, I lost money in 2008, but not nearly as much as heavily equity-oriented investors or the very large university endowments. So on a relative basis, my portfolio performed well in the first—I don't have a Q2 balance sheet yet, but in the first quarter of this year I was flat, basically, no change.

03-00:18:15

Hughes:

Which is good in this situation.

03-00:18:17

Jamieson:

Yes, in this environment, I would say it's good, yes. But it's a very difficult time, and it takes a lot of time for gathering information and thinking about what it all means.

03-00:18:34

Hughes:

Do I gather from what you're saying that Jamieson and Company is not strictly a venture capital institution?

03-00:18:43

Jamieson:

It has almost nothing to do with venture capital.

03-00:18:45

Hughes:

I see.

03-00:18:46

Jamieson:

Now. Originally, it did. It was a vehicle for mainly investing in startups, which I did from 1980 to '84.

03-00:18:59

Hughes:

And this is with all your own money, right?

03-00:19:03
Jamieson: Oh yes, it was all my own money, right. As I say, it was cherry-picking that portfolio that made me think that an investment in Sigma I was a very easy decision. And I told you what our total loss was. On the other hand, returns were not as high as some funds; I think our return was somewhere in the 20 percent annualized range, which is okay, but not startling.

03-00:19:39
Hughes: Were you happy with that?

03-00:19:41
Jamieson: I was happy to be able to raise the money and get a business going.
[chuckling]

03-00:19:48
Hughes: Getting back to starting Sigma, you said there was a difficulty in finding partners—

03-00:19:56
Jamieson: General partners, not limited partners.

03-00:19:58
Hughes: Oh, I see.

03-00:20:00
Jamieson: No, it was relatively easy to raise the money. As I say, half of it came from IVA investors, and the original goal was to raise \$20-\$25 million. I didn't want a big partnership, and we ended up raising \$44 million and just had to cut it off at that point.

03-00:20:23
Hughes: Did it work well just to have one other general partner who, from the way I'm interpreting what you said, was really there for a legal reason, not for an investor reason. So it was essentially *you* that was head of this partnership, right?

03-00:20:43
Jamieson: Yes, for a while. But I was actively looking for additional partners and associates.

03-00:20:50
Hughes: Why did you have trouble?

03-00:20:55
Jamieson: Well, it was probably me. I'm too demanding. [chuckling]

03-00:20:59
Hughes: In what sort of way? How are you demanding?

03-00:21:02
Jamieson: I have high-performance standards which I fail to meet myself from time to time.

03-00:21:11
Hughes: But everybody else has to meet them.

03-00:21:13
Jamieson: No, I don't expect—there's a difference between expectation—

03-00:21:17
Hughes: That was a facetious remark. I apologize. [chuckling]

03-00:21:19
Jamieson: That's all right. In fact, I've had people volunteer to come and work for me for free, but I've turned them down because I knew what they were up to.

03-00:21:32
Hughes: Namely, what?

03-00:21:37
Jamieson: They wanted to pick my brain and then just take off and start their own partnerships. Why should I work with someone who had no real commitment to stay?

03-00:21:50
Hughes: Why are you good at what you do?

03-00:21:56
Jamieson: Well, I'm demanding; I have high personal standards. I have a better balance between quantitative and intuitive decision-making. It always used to bother me that, to use an example, Reid Dennis was as intuitive as he was and probably still is, but I understand much more now why he was that way, not that I would go as far toward the intuitive balance as he has or did. But I understand, really much more what role intuition can play in making investment decisions, and I find that the more it's used the better it gets.

03-00:22:54
Hughes: Do you think that's a function of experience?

03-00:22:56
Jamieson: Experience in—

03-00:22:59
Hughes: Living. When you talk about intuition, you're meaning in sizing up other people?

03-00:23:11
Jamieson: Yes, of course, right.

03-00:23:14
Hughes: Well, don't you think most people get better at that as they get older?

03-00:23:20
Jamieson:

Well, I never thought about it that way! [laughter]

03-00:23:22
Hughes:

Maybe I'm being very stereotypical, and I'm sure you will tell me if I am, but I don't think of engineers, which you were in the beginning, as particularly prizing intuition.

03-00:23:40
Jamieson:

I think as a generalization, that's quite true. Sure. We're much more things- and numbers-oriented than people-oriented, and maybe I was that way to a fault at some point.

03-00:23:57
Hughes:

Well, you obviously have learned—

03-00:24:01
Jamieson:

Oh I hope so.

03-00:24:04
Hughes:

I mean more than all the facts that you obviously have acquired over the years, but learning that intuition is a part of the equation. Was there anything that might have sparked your realization that intuition was important as well as knowing the hard facts?

03-00:24:35
Jamieson:

Well, one more or less extreme example of using intuition was that at Sigma we talked to a group wanting to start a company named Vermeer [Technologies, Inc.]. They wanted to start it on two coasts, which we thought didn't make any sense. The founder [chuckling] was quite a difficult character to deal with. I don't think he ever appeared at a meeting in anything but jeans and a t-shirt. And we had a number of meetings with him and other members of the management team. We said that we wouldn't invest unless they chose to start the company on one coast, and we didn't care which as long as their group was all together. They agreed to that, and my partners, as I recall, still had some significant doubts. I did too. But I remember one partnership meeting in which I said, "Okay. We're going to back this group." And I'd never said anything like that before! And it was just a feeling that there was enough drive and technological skills to lead to a success. Well, to make a long story short, after about two or two-and-a-half years, we sold the company to Microsoft for \$130 million in stock, following which the stock quadrupled.

03-00:26:14
Hughes:

Oh my heavens!

03-00:26:15
Jamieson:

So it turned into a very successful deal. We probably didn't have enough money in it as we should have, in retrospect, but that's always the problem. One can never have too much in a good deal or too little in a bad deal.

03-00:26:32

Hughes: Do you have any clue as to why you had that insight or intuition, which you obviously felt was new to you.

03-00:26:46

Jamieson: Yes. I just was very convinced of his brilliance, and I had no—or I shouldn't say no—little confidence in his ability to run a company. But I thought we could surround him— Well, some of his team had better management skills, and I thought we could surround him, over time, with enough management skills to make the business run. I really never thought we would wind up selling it to Microsoft. I thought it was strong enough to eventually go public, but it was a very happy ending.

03-00:27:30

Hughes: And why did it get sold to Microsoft?

03-00:27:38

Jamieson: Well, we got a very favorable price.

03-00:27:40

Hughes: It was too good to resist.

03-00:27:42

Jamieson: Too good to turn down.

03-00:27:45

Hughes: If you don't mind, I'm going to ask you some very direct questions about investment strategy.

03-00:27:54

Jamieson: Sure.

03-00:27:55

Hughes: And then we'll pick up the companies that you want to talk about. My questions are very basic. I want to know what are the prime things that you're looking for when you consider an investment.

03-00:28:16

Jamieson: In the area in which I've been most active I would say technological and management skills, commitment, and integrity.

03-00:28:34

Hughes: And at some point intuition about the entrepreneur, right?

03-00:28:40

Jamieson: Oh I was speaking about what qualities I'm looking for. Yes, all right. I have to feel confidence and trust in the person or people that we're backing.

03-00:28:56

Hughes: And that's a very intuitive thing, isn't it?

03-00:29:00
Jamieson: Very much so.

03-00:29:01
Hughes: Yes, so at a certain level, you've had to use intuition all along, have you not? Because you have to deal with people.

03-00:29:10
Jamieson: In the pre-PC days, a lot could be revealed in a business plan. Now, using Excel, it's so easy to crank out many, many business plans that they are much less revealing in terms of integrity or thoughtfulness than they used to be.

03-00:29:39
Hughes: So you did put a lot of credence into the business plan.

03-00:29:45
Jamieson: I still do. But it's easy to ratio-test business plans and see whether they are internally consistent or not. And in spite of Excel, some people can't seem to manage that to work out. [chuckling]

03-00:30:06
Hughes: And you catch that?

03-00:30:07
Jamieson: Sure.

03-00:30:08
Hughes: And what do you mean by ratio test?

03-00:30:10
Jamieson: Oh for instance if you measure inventory turns or inventories versus sales, there's a range of inventory turns per year which is reasonable or unreasonable.

03-00:30:26
Hughes: Are you a little unusual in paying close attention to such parameters?

03-00:30:40
Jamieson: I don't really know. I don't know how other venture capitalists make decisions. They don't ask me and I don't ask them! [chuckling]

03-00:30:54
Hughes: Why is that?

03-00:30:57
Jamieson: Maybe it's a trade secret. Who knows? I don't know.

03-00:31:00
Hughes: I'm just getting to know some venture capitalists, but I would think that— In most fields, there's a lot of shop talk.

- 03-00:31:14
Jamieson: There are among some other people, but maybe I'm not good at that. I don't know; I've never relied on it particularly.
- 03-00:31:20
Hughes: Yes, well, maybe you're just satisfied with the way you go about it.
- 03-00:31:26
Jamieson: I could be more congenial. Maybe I'm too much of a loner.
- 03-00:31:34
Hughes: Yes, well, maybe you like to be in control, too.
- 03-00:31:38
Jamieson: In terms of wanting to run companies I invest in, absolutely not, absolutely not.
- 03-00:31:43
Hughes: Is that so? But what about running your own business? You prefer it to be in your own hands?
- 03-00:31:52
Jamieson: Sure.
- 03-00:31:52
Hughes: Why doesn't that attitude apply towards companies?
- 03-00:31:59
Jamieson: Well, if one invests in businesses with the intent to run them, one cannot make many investments. [laughter]
- 03-00:32:08
Hughes: Right. It's as simple as that.
- 03-00:32:11
Jamieson: Not that I'm recommending shot-gunning deals in constructing a portfolio. But one has to have leverage in investing in companies, and there's no point in carefully analyzing and considering entrepreneurs if one intends to run the company himself anyhow. Why bother?
- 03-00:32:37
Hughes: Well, that's true. On the other hand, I've been learning from your generation of venture capitalists that it is not simply a matter of investment. It's a matter of building companies.
- 03-00:32:59
Jamieson: Well, not everyone. Other people follow the shot-gunning approach. In fact, I don't know if I told you this in the first meeting, but at one point before Sigma started, I was approached by Schroders, the famous English banking firm. I didn't tell you that?

03-00:33:14

Hughes: I don't think so, no.

03-00:33:15

Jamieson: Anyhow, I met with one of their vice presidents. We had a very pleasant lunch. They wanted someone to start a venture capital arm for them in the U.S., and we discussed styles of business. Their wish, at the time, was to have their venture business run in a style of making many investments in the hope that a few of them would turn out to be big bangs.

03-00:33:43

Hughes: Oh I see.

03-00:33:48

Jamieson: And when I heard that I just said, "Well, I'm sorry, that certainly is a business strategy." I think he was probably thinking of 3i [Group], the then favorably well-known English venture firm which happened to be public also, and their style was to do many deals and hope that a few would turn out well. At least that's how I interpret their style. I said, "Well—

03-00:34:14

Hughes: Did it work out for them?

03-00:34:16

Jamieson: Well, in the long term it didn't work out very well at all, because they were in a lot of trouble. I did invest in a partnership in Germany that was sold to them at the peak of the market, and they proceeded to perform not very well at all.

So anyhow, I said, "Well, that's a style, and it's not one that I want to follow. So I don't think we have much more to talk about." And we each went our own ways. That was fine.

03-00:34:55

Hughes: Can you say something about how you usually enter into the management of a company? You're usually sitting on the board, right?

03-00:35:14

Jamieson: Sure.

03-00:35:15

Hughes: So part of your job is giving management advice?

03-00:35:20

Jamieson: Or in extreme cases to hire or fire the CEO. [chuckling] Too bad, but sometimes it works out to be the latter.

03-00:35:29

Hughes: Is that usually an agonizing situation?

- 03-00:35:33
Jamieson: Sure. I was on one board where I recognized that we had a CEO problem, and it took me about a year to convince the board that without making a CEO change, we were not going to do well at all. In the meantime I was called a lot of fairly unpleasant names.
- 03-00:36:01
Hughes: I've heard statements like that before from the people I've talked with. People in general don't like to have to fire people.
- 03-00:36:15
Jamieson: No.
- 03-00:36:17
Hughes: Is that because of the human cost?
- 03-00:36:32
Jamieson: It's because of swapping a known for an unknown.
- 03-00:36:38
Hughes: I see.
- 03-00:36:36
Jamieson: And I think there's a tendency to think of well, we can get along with Mr. X. He may have some negative qualities but he also has some good ones, and let's try to work around the weak ones and emphasize the good ones.
- 03-00:36:57
Hughes: Well, you were doing that a little in the company that you decided intuitively to invest in. You found a brilliant man, and you would put people around him that could counter his deficiencies, is the way I interpreted it.
- 03-00:37:12
Jamieson: Sure, but that company had never gotten to the stage where his management skills got much of a test, in that we sold it to Microsoft before it really had to go through the agony of being a public company. So that was fortunate for us, and fortunate for him.
- 03-00:37:32
Hughes: In a general sense, is there more to be said about what you feel a venture capitalist's responsibility is as a board member?
- 03-00:37:49
Jamieson: I don't feel that in terms of action it should be any different from any other board member. The fact is though that other board members rarely take the interest in the companies on whose boards they sit that venture capitalists do, because venture capitalists have significant money at stake in the success of the company. In fact, I make the general comment that CEOs of other companies, who sit on boards, typically don't have the time to spend outside of board meetings and really understanding what's going on, what's really happening.

03-00:38:34

Hughes: Does the responsibility of investing other people's money weigh on your soul?

03-00:38:45

Jamieson: Oh yes—probably too much. I'm too serious about it; I'm glad not to have that responsibility now.

03-00:38:54

Hughes: Is that one reason why you have drifted away from venture capital investment?

03-00:39:01

Jamieson: No, it's simply because I like to do things I think I can make money at. I don't feel that the illiquidity or the profit opportunity in venture capital in this century so far makes up for the lack of liquidity. It doesn't make sense in my humble estimation.

03-00:39:29

Hughes: Talk a little about due diligence and what you might do in connection with looking at a new possible investment.

03-00:39:40

Jamieson: Well, we've talked about some of it so far. One aspect I didn't particularly mention is reference checking. And I would say most venture funds don't do enough of it.

03-00:39:51

Hughes: And that means picking up the phone?

03-00:39:54

Jamieson: Yes, picking up the phone, sure. Making cold calls, talking initially to the references whose names you've gotten from the subject. But then getting from them the other names that you didn't get [initially]. That's a skill that I don't think many people have. Simply calling a list of references that one is given by the subject is— It means something, or what they say means something, but you really have to get to the names you didn't get [from the entrepreneur].

03-00:40:33

Hughes: And that, I would think, would be greatly helped by your experience in the field, just knowing who to go to.

03-00:40:42

Jamieson: I would say I certainly used to, but I've been out of the field for so long I don't view myself as being current. I do recall one case at Sigma where we were looking at an opportunity, and one of my partners was doing the work. He made something like twenty reference checks, and they all seemed fine, and he felt this was enough. There was one that bothered me, or one aspect that I didn't feel we covered. I said, "Well, just make one more call," and

identified who to call. Well, we found that the company really didn't own the patents that it claimed to.

03-00:41:27

Hughes: That's rather a large gap.

03-00:41:32

Jamieson: Sure. So that was a very good lesson.

03-00:41:37

Hughes: Was that intuitive on your part? Did you just sense that there was something wrong?

03-00:41:45

Jamieson: I had no specific idea of what it was we didn't know; I just had a feeling there was something we really hadn't covered thoroughly enough.

03-00:41:56

Hughes: Remarkable.

03-00:41:58

Jamieson: Well, it was lucky. It was very lucky. I'll give you another one of my maxims, incidentally, which is: The battle in life is to get smarter faster than you're getting older.

03-00:42:10

Hughes: [chuckling] That's a good one!

03-00:42:15

Jamieson: Sure.

03-00:42:13

Hughes: How important is it to you to have knowledge of the technology of the company that you're investing in?

03-00:42:31

Jamieson: Well, one obviously doesn't want to feel that he knows more about the technology than the management of the company. But I'd say it's important to know enough not to be fooled. For instance, I can recall interviewing another member of a management team who considered himself, I guess, a futurist. He said—this was back probably in the eighties—“At some point, people will have cellular radios the size of a wristwatch. They'll just wear them on their arm.” And I said, “Well.” “And they would communicate through satellite.” I said, “Oh that's very interesting. Well, how will they communicate?” “Oh they'll communicate using infrared.” I said, “Oh that's even more interesting. What will they do when it rains?” [chuckling] Well, he obviously was making up a story that sounded clever but it didn't make any sense. So he was bye-bye.

03-00:43:47
Hughes: Well, as far as I know, you haven't invested in biologically based companies. Is that true?

03-00:43:56
Jamieson: Well, we did one at Sigma, but I have no knowledge—

03-00:44:01
Hughes: Because you don't have that kind of background.

03-00:44:02
Jamieson: No, and I could be fooled. So why should I invest in things I don't know anything about.

03-00:44:09
Hughes: It makes sense to me. By implication you've talked about people skills. On the other hand, you've talked about yourself as a—what word did you use? Not an isolationist—

03-00:44:25
Jamieson: Demanding?

03-00:44:30
Hughes: No.

03-00:44:32
Jamieson: I could be more congenial or collaborative.

03-00:44:36
Hughes: Yes, congenial, I think that was the word. Then my question is, where are people skills in this whole array?

03-00:44:54
Jamieson: Mine?

03-00:44:54
Hughes: Yes, yours. I think some people probably prioritize that more than I'm imagining that you do.

03-00:45:06
Jamieson: Oh, I value them in other people.

03-00:45:08
Hughes: Look at Pitch Johnson, for example, who seems to me to be an extrovert, seems to love people.

03-00:45:15
Jamieson: Sure, right.

03-00:45:19
Hughes: He's a different personality than you are.

03-00:45:21
Jamieson: Sure. Well, he and I would probably make a good team if we could stand each other! [laughter]

03-00:45:30
Hughes: Reid Dennis has a different approach than you do to investment. And some of that, I think, is personality. Do you?

03-00:45:47
Jamieson: Absolutely, and I was trying to express how wrong my thinking was at that point in my career, that intuition really wasn't nearly as important as more quantitative things. I was wrong.

03-00:46:04
Hughes: Well, you were very clear about that, I think. And yet you also said you didn't believe in going as far as Reid did.

03-00:46:11
Jamieson: No, I don't believe in ignoring quantitative things or ignoring reference checks.

03-00:46:17
Hughes: And of course it's hard to dissect all this out, isn't it?

03-00:46:21
Jamieson: I don't mean to say that Reid does either of those. I'm just saying—that's an extreme.

03-00:46:28
Hughes: You were very clear in talking about your early life that you were headed at a very early age to a technical background. There are many things that feed in to form the way you go about life, the way you consequently go about your business.

03-00:46:50
Jamieson: Sure.

03-00:46:50
Hughes: But personality is one of the things that goes into it.

03-00:46:55
Jamieson: That's right.

03-00:46:55
Hughes: I'm stating the obvious, aren't I? [chuckling]

Did you read many, many, many business plans?

03-00:47:28
Jamieson: Oh sure. We used to track them in one partnership, and my recollection is—I'm not sure—I think in one year we got 500 or 600.

03-00:47:50

Hughes: How would you select?

03-00:47:51

Jamieson: Well, you scan them. One of my other maxims about people writing business plans is never write more than twenty pages. If you can't get the message across in twenty pages, you don't know what you're talking about.

03-00:48:04

Hughes: Yes, and nobody's going to read it.

03-00:48:08

Jamieson: No one will take the time to read more than that. And only some fraction of the people that get it will get through the whole twenty pages. But that's a maximum not an optimum.

03-00:48:20

Hughes: Are you conscious that you are, in a sense, a repository of an incredible amount of technical and business and financial information? Because of just what you have to survey.

03-00:48:43

Jamieson: Sure.

03-00:48:43

Hughes: Is that a consciousness that you have?

03-00:48:47

Jamieson: Well, my objective is to know everything about everything.

03-00:48:49

Hughes: [chuckling] That might be a little difficult.

03-00:48:53

Jamieson: I'm a compulsive reader, for instance, as I think I said. Giving me a book is like offering a drink to an alcoholic.

03-00:49:04

Hughes: It seems to me that the venture capital industry, because it must select certain investments over others, that there's a huge wastage of information that you don't act upon. Is that knowledge about a variety of companies, only a very few of which can you possibly invest in, then lost? What happens to it? When you think about the venture capital industry in general, there's a tremendous amount of accumulated technological, business, financial, economic information—even information about people. Are you, as an industry, or even more grandly, are we as a nation, taking full advantage of this body of knowledge?

03-00:50:37

Jamieson: Well, technologically, who knows. There's so much of it that it's hard to give an answer to that. I will say though that I think the U.S. government seems to

me to be completely unaware of the importance of encouraging startups and small companies. Many of the actions that are being taken in regulation and taxation are very, very negative for small companies, very negative.

03-00:51:10

Hughes: And you're referring to the Obama administration?

03-00:51:12

Jamieson: Yes, sure. But the causes extend back into the 1990s, the causes of the general problem of an overleveraged economy, where the leverage is now collapsing.

03-00:51:31

Hughes: And do you really think the actions are directed at startups? Or is it more we have a problem with the way our economic system is structured, and we need to make some corrections, and it ends up having repercussions for new companies?

03-00:51:56

Jamieson: I think we have a problem of indirect damage or lack of insight or thinking on the part of Congress and the appointed officials in general.

03-00:52:11

Hughes: What are your organizations doing about that? I was going to get to your connection with the Western Association of Venture Capitalists.

03-00:52:22

Jamieson: Oh that was years ago. I have no connection now with the venture capital business.

03-00:52:28

Hughes: Do the WAVC and the National Venture Capital Association both have lobbying activities?

03-00:52:37

Jamieson: Well, NVCA did. As I say, I'm so disconnected now, I don't know.

03-00:52:46

Hughes: Well, I was just wondering who's there in Washington representing venture capital?

03-00:52:53

Jamieson: Oh, I think the representation is very weak. And I say that without really knowing what it is. I just go by what I read in the press about any representation for small companies and startups, and I see literally next to nothing.

03-00:53:09

Hughes: That reminds me of an article I read in the *New York Times*, July 7, 2009, "Venture Capitalists Look for Return to the ABCs." The article seems to imply that your generation's way of doing venture capital, some people advocate is what the industry should return to. Did you see this?

- 03-00:53:52
Jamieson: No, I didn't.
- 03-00:53:52
Hughes: [Quoting] "Our biggest challenge today for venture capital is to think smaller, to go back to the basics. That many firms are trying to back too many different startups." In other words, spreading themselves too thin.
- 03-00:54:19
Jamieson: Well, I think there's a simple solution to that! [chuckling] Don't raise so much money. The business is ten times or more the size that it was when it was successful. There's too much money chasing too few competent entrepreneurs. That's the problem. And once their money is raised, there's pressure to invest, invest, invest, and be more fee-dependent than success-dependent.
- 03-00:55:00
Hughes: Well, maybe the economic downturn is going to solve that problem.
- 03-00:55:03
Jamieson: It will certainly help, yes, sure.
- 03-00:55:05
Hughes: Are there other things that you'd like to say about how venture capital is done now, as opposed to how it was when you were practicing it?
- 03-00:55:23
Jamieson: Well, I think the biggest problem is that the supply of capital has been elastic. The supply of capable entrepreneurs is not elastic; it doesn't rise to make use of available capital. So a larger percentage of capital gets invested in relatively less successful or less competent entrepreneurs.
- 03-00:55:48
Hughes: It's a matter of people having ideas that can build businesses, and there's just a certain level of that competency, and it's not in sync with the money?
- 03-00:56:10
Jamieson: No, not at all. And you say, is there any evidence of that? Well, I just point to the rates of return; they're lower because there's too much capital. There's an oversupply of capital versus entrepreneurial competence.
- 03-00:56:33
Hughes: Is it too simplistic to say that that goes back to the time of the bubble?
- 03-00:56:37
Jamieson: Yes.
- 03-00:56:40
Hughes: It appeared that there was endless money so you got all these people coming into the field.

03-00:56:44

Jamieson: Right, sure.

03-00:56:46

Hughes: So then you could also conclude that there must also have been people coming in who didn't have the background or the experience, right?

03-00:57:03

Jamieson: A lot of people who did not have track records or experience were able to raise venture capital funds. It was just a big demand for venture capital funds based on what happened in the eighties and nineties.

03-00:57:19

Hughes: I think of Al Gore—

03-00:57:23

Jamieson: You think of—Al Gore?

03-00:57:24

Hughes: Al Gore, who was brought in as a general partner at Kleiner Perkins. And a number of scientists that I've talked to about their science have since become venture capitalists.

03-00:57:43

Jamieson: Well, Al Gore isn't a scientist. [chuckling]

03-00:57:48

Hughes: Well, yes, I think of him first and foremost as a politician.

03-00:57:53

Jamieson: Yes, he is.

03-00:57:54

Hughes: Is this legitimate, in the sense of adding real value to a partnership?

03-00:58:05

Jamieson: You mean turning politicians into venture capitalists?

03-00:58:07

Hughes: Yes. Does it really add much, or is it just window dressing that brings a lot of media attention?

03-00:58:16

Jamieson: I think it shows an increasing tendency to depend on influence versus other factors in the business.

I have a question to ask you when we start the next tape! Since we're on the subject of Al Gore! [laughter]

[End Audio File 3]

Begin Audio File 4 07-28-2009.wav

04-00:00:10

Hughes: It is still July 28, 2009, and I'm still talking with Mr. Jamieson.

04-00:00:24

Jamieson: Well, we were talking about Al Gore and venture capital. And my next question to you was going to be, do you believe in global warming? [laughter]

04-00:00:40

Hughes: Well, I do, and I'm certainly not able to tell you from a highly technical basis why I do. But I do know people in the field who have the statistics that they claim show that, while the planet has had cycles of warming and cooling, the way the cycles are behaving now are abnormal and that there is a human component to it. And I believe that.

04-00:01:16

Jamieson: All right.

04-00:01:18

Hughes: You don't?

04-00:01:21

Jamieson: Well, what I believe is that the Al Gore version of global warming is completely fallacious. I think it's another measure of monumental human conceit in thinking that we have the extent of influence on climate that Gore would claim that we do. I don't think we do at all. I just would go back and make the point that in the thirteenth and fourteenth centuries, Greenland was warmer than it is today. Well, why is it colder? Well, not because of anything we've done, because all we've had since then is a significant amount in recent centuries of expansion of industrial activity at the sacrifice of agricultural activity.

So I believe that global warming or cooling is much more influenced by things over which man has no control, like sunspot activity, for instance. Sunspot activity now is at a recent all-time low, and generally that's been a good predictor, over a few hundred years, of global cooling. In fact, last year was a year of very heavy snowfall in Europe; there's a lot of mention of what's happening to the Arctic ice cap. I don't see any mention of the fact that the Antarctic ice cap is expanding. A few years ago I was climbing on the glacier [Perito] Moreno, in Argentina—it's in the southern hemisphere, of course, and it's a glacier that's expanding, not shrinking. So I don't know. I would say I don't know, but I do think that there's a lot of conceit in overestimating how much influence human activity can have.

04-00:03:35

Hughes: Well, without defending Gore—and I'm not in any position where I could even if I wished to—I think he was behaving as a politician much more than

as a scientist. And he had, for whatever reason, decided to make global warming his crusade, and he wanted to make a political point.

04-00:03:57

Jamieson: Oh I think he happens to have made tens of millions of dollars with this idea, so I have to congratulate him on his entrepreneurial skills. But I just think it's all wrong.

04-00:04:12

Hughes: Well, Mr. Jamieson, he's now one of your own, as a so-called venture capitalist. [chuckling]

04-00:04:16

Jamieson: Well, I'm not a venture capitalist! See, he's come in, and I, ten years ago, left. [laughter]

04-00:04:26

Hughes: All right, never the twain shall meet.

I want to get back, though, to the discussion we were just having off-tape. I condense it to your statement that there's too much money in current venture capital for its own good.

04-00:04:49

Jamieson: Too much money supply relative to the entrepreneurial supply.

04-00:04:54

Hughes: So, the question is, how do we increase the innovative power, the entrepreneurial power of the United States of America?

04-00:05:11

Jamieson: Well, we start off by increasing the educational standards. Without that as a foundation, all else I think is hopeless. I think the K-12 public educational system is an absolute disaster. I think I knew more as an eighth grade graduate than many high school graduates know today. We had much more effective standards applied and much more emphasis on basics when I was in grammar school than the poor children—when I say poor I mean educationally poor not financially poor—the poor children have today.

There's too much money spent on administration, spent on multiple language programs, which is nonsense. The glue that made America work as a melting pot was language. Different languages split culture; they do not unite it. It's a great fallacy. I know when my grandfather, my mother's father, emigrated from Germany in 1883, one of the great initial emphases was to learn English. Well, by providing instruction in other languages—My mother didn't speak English till she started kindergarten. So she was basically made to learn English as soon as she started school, which was great. She never complained to me about it. In fact, by the time I was around, she pretty much lost a lot of her German. I think I've mentioned, I took four years of German in high

school, and I lost it. I really only took it because I had to take some language. It's just pretty unusual that we were reading Goethe in German during World War II.

04-00:07:56

Hughes: All right. Shall we turn to specific companies?

04-00:07:58

Jamieson: Sure. Whatever you'd like.

04-00:08:00

Hughes: You mentioned Tigon, which is a games company.

04-00:08:08

Jamieson: No, Tigon was a pager company.

04-00:08:13

Hughes: But when you look on the Website now, there are a whole bunch of games. Or do I have the wrong company?

04-00:08:22

Jamieson: I think you do. The short story is Tigon was founded by a technologist. It got into trouble by basically— Pagers are rented not sold, or were. They are an obsolete product now. No one that I know of uses pagers. Why should one? So the company was a difficult cash-flow business to manage. There was a great churn rate, and the monthly rentals were low; there was a tracking problem—where is the pager? That is a company asset, not a sold asset.

Anyhow, one of my limited partners had invested— It was obvious that the company was just going to go bankrupt if something wasn't done. He asked me to invest and go on the board. I said I would. We fairly rapidly found a new marketing-oriented CEO with some business school skills, worked with him, and about a year-and-a-half later the company was sold to Ameritech for a very favorable price. So it was a relatively fast in-and-out effort, but we had very frequent board meetings and the company was in Texas.

04-00:10:01

Hughes: Do you think that you saved the company?

04-00:10:06

Jamieson: I think I and some other board changes brought about the management changes that were needed, yes. We needed a stronger hand than the previous board had had. I think that probably the founder had a number of his friends on the board, and they didn't really recognize the cash-flow problems. So we had no grandiose plan to grow a huge company in a short time, because that really can't be done in a rental business. There are other examples of failures of low-value products going way back to things like IBM DiskPacs. They were rented for \$15 a month or so, and it was a hopeless business model,

04-00:11:04

Hughes: Well, explain why you can't build a big company on a rental product.

04-00:11:09

Jamieson: Oh, because the revenue for each product shipped is not the value of that product; it's some fraction of the value based on the rental rate. If a product is worth \$1,000, it might rent for \$50 a month, so instead of getting \$1,000 when you manufacture a product, you get \$50. It doesn't work for very long.

04-00:11:36

Hughes: You spoke of the limited partner. Would you never have made that investment if it had been left up to you, knowing that it was based on a rental product?

04-00:11:49

Jamieson: [pause to think] Yes, because I knew of the problem years before with IBM DiskPacs, which were impossible for anyone to engage in renting other than IBM.

04-00:12:16

Hughes: What do you do in the case, as you were describing, where there are friends or colleagues of the questionable CEO on the board? Am I not right in thinking that any decision made has to be by majority vote?

04-00:12:34

Jamieson: Sure.

04-00:12:38

Hughes: So did you have to do a lot of persuading?

04-00:12:39

Jamieson: It's the golden rule operating: He who has the gold makes the rules. [Hughes laughs] So if a company is running out of money, you have a lot of influence.

04-00:12:52

Hughes: So did it really come down to that?

04-00:12:55

Jamieson: Sure.

04-00:12:56

Hughes: Did you have to threaten to withdraw?

04-00:12:58

Jamieson: No, I was not an investor. I came in as a part of a refinancing in the organization.

04-00:13:05

Hughes: I see, because I couldn't understand how this investment happened in the first place.

04-00:13:12
Jamieson: Well, I was certainly influenced by our lead limited partner with whom I had had years of friendship, having already money at risk. But the terms of the new investment were favorable enough to make it worthwhile doing, at least taking a risk.

04-00:13:36
Hughes: Thinking of the boards of companies in which you are an investor—

04-00:13:40
Jamieson: Well, there are none now, except charitable boards or cultural boards.

04-00:13:47
Hughes: Did you have to resort on occasion to, “I’m an investor in this company, and I’m going to disappear unless you do as I say?”

04-00:14:04
Jamieson: No. The crisis occurs when the company is running out of money. What you can say is, “Well, unless certain changes are made, we’re not going to give the company more money.” So it’s not a matter of threatening to leave; there’s no leverage there. They would say, “Okay. Go ahead.” [laughter] “We don’t need you and we don’t need your money.”

04-00:14:33
Hughes: Because your investment is already there, and it behooves you to stick with it.

04-00:14:38
Jamieson: That’s right.

04-00:14:38
Hughes: Anything more about Tigon?

04-00:14:43
Jamieson: No. It was a quick in-and-out story with a very happy ending for all.

04-00:14:47
Hughes: Then you mentioned FileNet. When was that founded?

04-00:14:54
Jamieson: 1982.

04-00:14:56
Hughes: Tigon was about the same era? You don’t have to be precise.

04-00:15:01
Jamieson: I don’t know when it was founded, but it was an involvement for me that was sometime during the eighties. Since we sold it trade sale, I don’t have the dates in mind.

04-00:15:13
Hughes: It doesn’t matter. So FileNet.

04-00:15:17
Jamieson:

FileNet was a company of which I was actually a founder as well as being an investor, and that was originally one of the Jamieson and Company investments. But FileNet was started by the former executive vice president of Sycor, the company of which I was COO in the early seventies.

04-00:15:39
Hughes:

Right, I remember.

04-00:15:41
Jamieson:

He went through a couple of other affiliations after Sycor and then left a company called Basic Four, which was in the small business systems market and asked me work with him in looking around for a company to buy. Well, we soon found that companies that were for sale had some problem, like the technology was becoming obsolete.

So we came across—I don't know quite what to call it—an archival records or data storage company using what we thought were primitive means. FileNet was started as a means to approach the paperless office. Well, we weren't successful in getting rid of paper, but we got rid of a lot of it. The product was a large system using optical disks to provide archival storage of documents. It started in '82. I had 1 percent of the founders' shares, for which I agreed to a lockup of—I think it was five years—and to be the lead investor and got the company financed. I stayed on the board from '82 to '94. Ted Smith, who was the founder, ran the company very well, but it had a lot of ups and downs. It went public in '87 just at the time of the great market drop of '87, which was fortunately a V drop—down fast and up fast.

04-00:17:42
Hughes:

You wouldn't have gone public, if you had been able to see that that coming?

04-00:17:47
Jamieson:

No. It was a reaction to interest rates going up very rapidly.

04-00:17:54
Hughes:

I see, and so the price of the stock dropped precipitously?

04-00:18:00
Jamieson:

Well, it was a difficult time to go public. The lead underwriter I think was Morgan Stanley. I think the personality involved was Frank Quattrone, who was very famous as an investment banker. He ran into some legal problems later on.

04-00:18:28
Hughes:

[chuckling] Yes, I remember.

04-00:18:31
Jamieson:

But it was the summer of '87 when FileNet was going public, and I think that market crash occurred in late August or early September. It was very

dramatic. But that was a difficult climate to begin with. And like many small companies, FileNet's earnings had a lot of variability. Among other things, we got sued by the usual people who enter into class action suits against companies for not representing their future prospects accurately, and basically they want to be paid to go away. So the person that did that eventually wound up in jail—I mean the lawyer who made that his business.

04-00:19:27

Hughes: Made the class action suit.

04-00:19:29

Jamieson: Yes, made a business of class action suits. It turned out he was bribing claimants and basically creating these cases.

04-00:19:41

Hughes: Wow.

04-00:19:45

Jamieson: So we went through things like that. In '94 the board made the decision to bring in a new CEO. One came from IBM. I'd had a long relationship with Smith; I liked him a lot. I just didn't want to go through the effort of creating a good working relationship with a new CEO, so I left the board. But in the late nineties the company was acquired by IBM for \$1.4 billion, so that turned out well.

04-00:20:16

Hughes: That was all right, and you had founders' stock.

04-00:20:18

Jamieson: Yes, I had founders' stock. I and other directors were very involved in discussing strategy and actions with the management. It was a good experience.

04-00:20:38

Hughes: If it was a good experience, management, I'm presuming, was receptive.

04-00:20:43

Jamieson: Sure, yes. Well, they weren't rolling over at every idea that we had, but it was possible to have discussions without them getting acrimonious.

04-00:20:55

Hughes: Has that been your usual experience? That executives, managers, are receptive to your advice?

04-00:21:09

Jamieson: Yes, I'd say the worst experience in that way was R2 Systems. It took a year for me to convince the board that the CEO was as bad as I thought he was. In the first place, he wasn't truthful, and it was not a happy experience in that way.

04-00:21:35

Hughes: Truthful in the sense of trying to make the company look better than it actually was?

04-00:21:40

Jamieson: Sure.

04-00:21:41

Hughes: And the other board members couldn't see that?

04-00:21:46

Jamieson: Well, all I can say is they didn't. [chuckling]

Another very active venture investor, Scott Halstead, eventually wound up becoming chairman of the company. Another board member was interim president, and we found a very good marketing-oriented executive who had been with a U.S. division of Siemens, who came in. We wound up selling the company to Hologic for between \$200-\$300 million dollars. The product was a computer-based image-analyzing system that replaced second readers for mammograms and allowed much more accurate early detection of breast cancer. And I think it's the current standard of care. If I were a woman, I would not go to a mammographic center that did not have an R2 system.

04-00:23:07

Hughes: Well, I will take that advice in mind.

You mentioned underwriters, and we haven't talked about underwriting at all. Who makes the decision about which underwriter for which IPO?

04-00:23:27

Jamieson: The board does.

04-00:23:30

Hughes: And why one over another?

04-00:23:32

Jamieson: It's based on track record of successful IPOs of small companies; it's based on research coverage in the future. It's more of an intuitive decision than anything else, I guess I would say.

04-00:23:55

Hughes: Intuition again. Do you favor certain underwriters over others? Do you have favorites?

04-00:24:17

Jamieson: Well, the business has changed so in just the last few years. Some companies that were effective are gone; some were acquired. Merrill Lynch was acquired by Bank of America. So many that I would have felt favorably about in the past are either gone, merged, acquired, or they would have no interest in small

IPOs. Again, there's been a tremendous scale-up of capital in the investment banking business as well as the venture business.

04-00:25:03

Hughes: So is it true that some investment banks can't be bothered with small IPOs?

04-00:25:08

Jamieson: Sure, always has been. In fact, I would have favored a medium or modest-size one in the past, versus a very large one, because small companies tend to get lost in very large investment banking firms.

04-00:25:27

Hughes: It would take a certain kind of expertise in the underwriter in taking a GM—

04-00:25:45

Jamieson: Oh, that was a very good example. [chuckling]

04-00:25:48

Hughes: Well, that wasn't the best, was it! [laughter]

04-00:25:50

Jamieson: No, I'm just kidding you. No, they have to be risk takers. Sure. Much more than doing a large deal. But on the other hand, the commissions are much higher for initial IPOs than for established companies—maybe twice as much. So there is money to be made.

04-00:26:13

Hughes: What are you looking for when you're considering taking a company public?

04-00:26:18

Jamieson: Well, has it gotten to the stage where its revenues and earnings are reasonably predictable? Sometimes we think they are, but then they turn out not to be as in the case of FileNet. FileNet systems represented a substantial capital investment on the part of companies, so their revenue stream was very lumpy.

04-00:26:47

Hughes: And the condition of the market, I'm assuming, as FileNet also illustrated. You hit it wrong, as it turned out.

04-00:26:56

Jamieson: Yes, that's right.

04-00:26:59

Hughes: Anything else that goes into your thinking?

04-00:27:05

Jamieson: Well, it's confidence in management and management's ability to run a larger company—

04-00:27:10
Hughes: Right, with a lot of public scrutiny.

04-00:27:12
Jamieson: —at the time it goes public.

04-00:27:16
Hughes: I would think that'd be a huge step for an executive.

04-00:27:26
Jamieson: It's a big responsibility.

04-00:27:28
Hughes: Also I'm thinking of the new public face and the public reporting, and all of that.

04-00:27:35
Jamieson: That's right. Fortunately I think it's under-realized by most CEOs. [laughter]

04-00:27:41
Hughes: Or they'd never do it?

04-00:27:44
Jamieson: But we don't tell them.

04-00:27:48
Hughes: Yes, but they stand to gain too.

04-00:27:51
Jamieson: Yes. Their focus is on what their stock is going to be worth as opposed to what they have to pay for it, pay for it in terms of responsibility.

04-00:28:00
Hughes: You don't necessarily go into that in great detail?

04-00:28:03
Jamieson: No. It's something you can't explain very well anyhow. And how it's viewed is oftentimes a function of the individual. There are certainly some that have been CEOs of companies that have gone public without much sense of responsibility to the public shareholders. So it's difficult to convey.

04-00:28:31
Hughes: All right. LDT [Laser Diagnostic Technologies].

04-00:28:35
Jamieson: All right. It was another example of a— Well, several examples. The company got, I think, bad advice from its board in that it had an expensive product. This was a laser for analyzing nerve bundle in eyes, a laser system. This was sold to ophthalmologists. It was initially sold, but then someone, either in the company or on the board, got the idea that—"Oh, we could rent these." Well, I don't know who the originator was, but the board agreed to it.

Well, immediately, the company started to incur a big, negative cash flow. Well, of course.

04-00:29:28

Hughes: You could have told them that.

04-00:29:29

Jamieson: That's what happens when you rent products—expensive products or products that—

04-00:29:33

Hughes: Were you advising against renting?

04-00:29:35

Jamieson: No, I wasn't on the board. One of my original partners was, who had really general business competence but, let's say, not in the quantitative sense of looking at what happens to a balance sheet when you rent rather than sell.

At the same time, as we found out later, the CEO as well as running the company had been working on a startup of a new company at the expense of our company. So we didn't think too well of that. [chuckling]

In the meantime, before we even knew this, we had recruited a much better CEO who was also very good at listening to the board. Oh—and the board completely changed at that time. When the company had to be refinanced, he came to us with this rental scheme. We said, "No, thanks," at Sigma. But then we eventually did invest because the company had to be reengineered. The board had 100 percent turnover, and we pointed out the fallacy of the rental concept, although there were also a lot of product-quality problems. We provided advice on how to do the reengineering that was required without another financing being required. The quality problems got turned around; the company stopped renting; the returns due to quality problems decreased.

At the time I got on the board, the other investors were willing to sell the company, would be delighted to sell the company for \$10 million. After, I think a year and a half to two years, there was enough progress in solving all the problems so that we sold it to [Carl] Zeiss Meditec for \$28 million. Basically, we just wanted to get out of it because, even though it was getting a lot better, there were still plenty of problems ahead. So that was a nice turnaround.

04-00:32:12

Hughes: Good. We're running out of time, and there are some other things that I want to ask you.

04-00:32:19

Jamieson: Go right ahead.

04-00:32:21

Hughes:

One of them being the importance, or not, of California as a setting. Your early career was on the East Coast. So I would be interested in hearing your thoughts on how not only venture capital, but how innovation and new company growth happen in both areas of our country.

04-00:33:04

Jamieson:

Well, it didn't happen as rapidly on the East Coast or on the scale that it did here. I think early on I may have commented about the differences between MIT and Stanford. For some reason MIT never was able to mechanize the business-generation activity that Stanford did, and I mentioned Professor Terman at Stanford as being a leading light, and making that happen, and realizing how important it was. Also, on the West Coast there was the example of Hewlett-Packard, which was a private company for really quite a few years in context of modern timescale, that turned into a very large and very successful public company.

04-00:33:58

Hughes:

Did it become more or less a model for a high-tech company?

04-00:34:06

Jamieson:

That's right.

04-00:34:07

Hughes:

The East Coast has Route 128, an industrial area.

04-00:34:17

Jamieson:

Right. But in total revenue in employment, I don't think it's nearly approached the scale of activity here.

04-00:34:25

Hughes:

What about the type of activity that occurs along Route 128 compared to Silicon Valley?

04-00:34:35

Jamieson:

Well, years ago there were more manufacturing companies there rather than now, where I think it's mainly a research-oriented economy. Although the increase in biotech companies, in more recent years, has changed that and has been more favorable. But biotech companies never employ the legions of people that large manufacturing companies do.

On the other hand, small companies are much more responsible for increases in employment than large companies are. Large companies are always trading off labor expense for capital investment, and they much prefer to replace labor with capital. Small companies are responsible for most of the employment growth in the United States.

04-00:35:37

Hughes:

Some people make a big deal about the culture of Silicon Valley, with all the adjectives that go along with it. Do you, having familiarity with both areas,

see any validity in the contrast? I'm thinking of Route 128 as compared to Silicon Valley, if that's the way you want to address it.

04-00:36:07

Jamieson: I would say that the culture in the East is more conservative. I see many examples of young people here with much more money than sense. [laughter] What we call the Google kids are buying up perfectly nice houses in Atherton for very high prices, tearing them down, and building what my wife and I call trophy houses, which make no sense.

04-00:36:35

Hughes: Yes, trophy houses or McMansions.

04-00:36:38

Jamieson: Yes. I have run several times into a young woman walking a dog that I like a lot—I like the dog. The woman is okay too. [Hughes laughs] At least tell my wife that! [chuckling]

04-00:36:5

04-00:36:57

Jamieson: The woman was complaining bitterly about a young couple who bought such a perfectly good house near her, tore it down, and built a 12,000 square foot house. And there are two of them. So does that make any sense? I don't think so. In fact, fortunately we had the time or the need to design our house twice, and the second time around we made it smaller, and I'm very glad that we did. It's less than 4,000 square feet. I forget what it is exactly, but it was good to make it smaller.

04-00:37:40

Hughes: Yes. Smaller—there's some adage about that.

Jamieson: That's a house that was ahead of its time.

04-00:37:46

Hughes: Meaning in what?

04-00:37:51

Jamieson: In conservatism and low-maintenance design.

04-00:37:54

Hughes: I think you would admit that you are a conservative person. So how has it been to be in a less conservative place than where you were born and bred?

04-00:38:07

Jamieson: Fine. [laughter]

04-00:38:10

Hughes: That's very expansive! You seem very East Coast to me.

04-00:38:18

Jamieson: Yes, I probably am.

04-00:38:20
Hughes: So there hasn't been a disjuncture?

04-00:38:28
Jamieson: Well, we actually lived in Los Angeles for about four years.

04-00:38:31
Hughes: Well, that's even worse, isn't it?

04-00:38:33
Jamieson: Yes, it is. Although as I think I mentioned, we found a suburb that was more traditional.

04-00:38:43
Hughes: What about philanthropy?

04-00:38:49
Jamieson: Oh I'm very active. [laughter]

04-00:38:53
Hughes: Well, I know about the opera because there are placards on your wall.

04-00:38:59
Jamieson: Well, we support the museum just as much.

04-00:39:03
Hughes: Which museum?

04-00:39:03
Jamieson: The Fine Arts Museums [of San Francisco].

04-00:39:05
Hughes: The de Young.

04-00:39:06
Jamieson: Yes, the de Young and Legion of Honor.

04-00:39:10
Hughes: Good for you.

04-00:39:11
Jamieson: We have a gallery there that's named for us. We've given three or four paintings to the museum. We have one on loan, so we're very interested. We collect art.

04-00:39:27
Hughes: Well, I see some of that on your wall here.

04-00:39:31
Jamieson: Yes. Dürer is the earliest, and our latest is probably early twentieth century impressionist. We have more art than we can hang, so we circulate it.

04-00:39:43

Hughes: Well, that's a nice problem to have.

04-00:39:45

Jamieson: Well, we don't have a big house! [chuckling]

04-00:39:51

Hughes: Well, I think I'm coming to the end. What would you like to say after all my questions?

04-00:40:00

Jamieson: Well, in terms of recommendations on lifestyle or personal attitude it's: Be more than you seem to be.

04-00:40:13

Hughes: Well, I thank you.

04-00:40:19

Jamieson: And don't believe your own press notices! [laughter]

04-00:40:24

Hughes: Well, I thank you.

04-00:40:27

Jamieson: Thank you.

[End of Interview]