



Oral History of Bisser Dimitrov

Interviewed by:
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Jim Porter: We're here today basically to discuss with Bisser **Dimitrov** a lot of things that went on in his life during his adventures in working within Bulgaria, working within the entire Eastern Bloc, and of course some of the things he's done since. But we should, I think, cover this subject in many different ways because the cultures which existed after the Second World War throughout that Eastern Bloc were all quite varied. They considered of many different capabilities to make products in different ways. However, I'd like to get started by asking Bisser about his background. You were born in Bulgaria, weren't you?

Bisser Dimitrov: Yeah. I was born in Bulgaria. I finished my engineering degree in 1967. This was electronics, the radio and television, and later on I got my MBA of Economics in 1973, and I start working 1970.

Porter: And what was that company you went to work for?

Dimitrov: My first company was a foreign trade organization because in Bulgaria, we have similar structure like the Japanese, when you have a trade organization. And the foreign trade organizations were responsible for trading outside of Bulgaria. So, my first job was in an organization called ISOT, which became kind of a founder of the next organization, Isotimpex, which nicely presents some memories here with my business card. So that was my first job in 1970 as a part time.

Porter: And I noticed that you really found a very interesting employer when you went to work for a major computer company.

Dimitrov: Yeah. Actually, how I started, this was in 1974. I start working for a foreign trade organization which was mainly importing know-how and licenses, and this was for the major Bulgarian development organization such as Bulgarian Academy of Science, Bulgarian Committee for Technical Progress which is kind of the R and D arm of the country. So after a couple of years working over there, I take a challenge and I started working for IBM. And we successfully put together the first so called IBM organization in Bulgaria because the Eastern European countries were not allowed to have this kind of organization, therefore we called it "technical services" for IBM. And this was funded by IBM, it was for IBM, and I was running this organization and I've been through the whole of these bureaucratic hiccups to get it going.

Porter: Well, some of the Western Countries, of course, did have regulations about the level of complexity of technology equipment which could be exported to the Eastern Bloc in that era. So IBM could only sell certain kinds of products in that part of the world, couldn't they?

Dimitrov: Yeah. That's correct. This was the Cold War Time and obviously URS and the free world have technology leaped over the Eastern Bloc countries and the Eastern Bloc was trying to catch up. And the way to catch up is by acquiring the technology from the West, copying it, and moving on. Which was not the right way to do, but it was the way to do it.

Porter: So what was IBM selling in Bulgaria at that time?

Dimitrov: IBM basically was selling almost everything that they were selling here with the exception on the level of technology and the speed and the size of the memories and this kind of stuff. But in Bulgaria we had at that time a lot 360s, 370s, 4300 machines which was right coming at that point, and actually we had the first array processor which was getting there by accident, and later on the license was revoked but the machine was there. So this is the fun part of the history.

Porter: So you worked for IBM for how many years?

Dimitrov: Since 1977 we put this business together, all the way up to 1981 and IBM is still present in the country. A couple of my employees, for example, now they are with IBM Russia, used to work for me. IBM Bulgarian guys worked for me. Etcetera. So IBM is still there. But I left IBM in 1981.

Porter: And your position when you left?

Dimitrov: I was responsible for the whole country, but also I was responsible for the software export organization. The first one in Eastern Europe. So this is what they're calling outsourcing right now, we were doing this thing at that time in 1979/1980, I was outsourcing to France and Germany and UK.

Porter: Okay. You left IBM, then where did you go?

Dimitrov: I'd been invited by the number one guy in the high-tech business in whole Eastern Europe. His name is Omiyan Doynof and there was an idea. They put together a PC business with the all associated technologies for peripherals, printing, storage, and etcetera. So in 1981 I'd been invited to start doing that, and so this was a kind of challenge because I don't know anything about the PCs. We was doing at that time, systems on the level of mainframes and little bit on the minicomputers, because IBM have a bunch of minicomputers competing with digital equipment at that time. And in 1981 IBM followed the Apple road starting with the IBM PC XT. It was the first one. So I'd been invited. This was a kind of a challenge to work from an American mentality business to the Bulgarian bureaucrats, or Eastern Europe bureaucratic business. It's a different approach, of course, and was interesting to come out with ideas of how to build this business in Bulgaria.

Porter: And what was specifically the organization known as at that time, that you worked for?

Dimitrov: First I start with Isotimpex, which you know, and later on this was a company called Automation and Process Control, which was doing all the PCs. And the first copy of the FO2E was our first product and over there, we were doing not only the complete system, but we manufactured the components, such as floppy drives, printers, monitors, and our greatest achievement was duplication of Motorola 6409. This was about 20 years ago. 06904, or something like that. The first 8-bit microprocessor which Motorola had. So that was made in Bulgaria.

Porter: Okay. But a little bit of background might be helpful here at this point. After the Second World War in the late '40s, with the Russian leadership I know that the Comecon trading Bloc was set up and it's role has gradually expanded, I think, as well as a list of companies which are participants. I know that Bulgaria along with Czechoslovakia, Russia and Romania and so forth, were all original members and then shortly thereafter, East Germany was added along with other countries later that were in the Eastern Bloc. The Comecon group, didn't they have some efforts to divide up among the member's companies the technology products which would be built by each country?

Dimitrov: Yes. What happened is in the '60s, Russia, at that time the Soviet Union, was leading this Bloc and was allocating businesses to the different countries. So for various reasons, because Bulgaria is closer to Russia, to the Soviet Union, it was chosen to be the high-tech country. Actually we have a joke over there. What's the major event after the Second World War? That the Germans became the traders, the Jewish became the soldiers, and the Bulgarians became the high-tech guys. So we've been chosen and we start developing the storage business. Specifically, we control 95% of the disk drive business in the whole Eastern Bloc countries including China at that time. So there was some effort from East Germany, from Robotron, but it was not very successful. And of course, more effort from the countries like Czechoslovakia, and in Russia. But the Bulgarians were dominating the business of disk drives. The other business activities were the tape drives. We have all the tape drive business. About 85% in all Eastern Bloc countries, including China, too. So in 1981 we decided to go after the PC business. And I have a major fight at that time when I was presenting my idea, because my idea was revolutionary on a way that we should not use the standard approach that they were using in Eastern Bloc countries. Acquire technology from here, copying this technology etcetera, and after that dominate the Eastern Bloc countries market. My approach was different. For acquiring technology from here, this thing goes through very specific channels, which is basically being controlled by KGB in association maybe with CIA. I don't know. This was not my part of the business, but I know of that. And after the product had been acquired, they take it apart. They start designing these things and this thing by the time it is done, whatever it is, takes about three to five years. So when I been hired for this job I said "We're going to do it right and now, or we're not going to do it at all." The first questions was "Do you guys really need personal computers?" Because personal computers have a social effect and social request, and we're a restricted society, so why do we need those personal computers. And that was the first basically major roadblock, because the guys say ideologically in Eastern Bloc countries, you cannot have something personal. So they came up with a compromised name on it. It's called "individual" computer, because

the person cannot have a computer. That was the whole story. And what I did, after accepting this job, I go to my boss and I said "This is going to be done differently, so I need a little time to think about it and come up with some ideas." So one of my ideas was to hire a consultant from Western world. The guys who understand that. And, of course, the question was "Who do you have in mind?" and I say "I have in mind these guys which are running the computer business." So we should go to California, US, and try to hire a consultant from there. So the question was "Wait a minute. We cannot hire those guys. These are our enemies." I said "Enemies or not enemies, you want the computers or you don't?" They said "Yes we do." So I'd been approved and given a budget to hire the consultants. And the first consultant, as I remember, was Dennis Waid, which I hired in 1982. And then we go with Dennis to the floppy drive manufacturers. Also, I talked to you. You'd been visiting us, too. So that's how we started. And we ended up with buying three companies from here, because when I buy the company with assets, with an inventory, tooling, technology and everything, so I don't need five years, or three years. I have a product instantly. Maybe not the best, but a product which is by far superior then what is existing in Europe or in Eastern Bloc countries. So that's what's been the major difference in approach to what they had before. An approach which I implemented.

Porter: But didn't you evolve into acting as a representative of the Bulgarian organizations? I saw it with Isotimpex, in representation to the other Eastern Bloc countries in selling their products.

Dimitrov: Yeah. Isotempex was a temporary job for me for about a year. I was living over there with the team and the division, which was exporting all the computers, peripheral systems, everything, to the Western world. I was a member of the Technologies Steering Committee with Control Data at that time. Because we were working closely with Control Data on the storage business, as well with some other companies such as Datapoint. Such as NCR, Olivetti, Siemens, etcetera. But Isotempex was a job for about a year and after that I had my own organization with my own factory with my own development institutions or colleges. I have two of those. And I did my own training organization because I was putting up the whole process.

Porter: So how long was it that you were actually involved with meeting with those organizations of those other countries?

Dimitrov: This was all the time. Because after, when I have my own organization, they were my customers. So we always came together, we talked. We know each other etcetera, and we were comparing who was doing what and that's how we were operating. But my main job was Western Europe, United States and Japan. So I'm the guy who put the first joint venture with Xerox Corporation and Eastern Bloc countries. I started assembling copiers and laser printers in Bulgaria. I put a deal together with Xerox on the electronic typewriters, as well with IBM. As well with Sumitomo in Japan, who I was producing for the Japanese company the products over there in Bulgaria which were being exported to the other Western European countries.

Porter: And your organization as such was operating basically factories in what city?

Dimitrov: I have factories all over the country. I have about 27 factories around the country. I have about 35 or 40,000 people who were working in this organization, and we have a major contribution to the Bulgarian budget because we been the most profitable organization. We were selling products and in exchange with Eastern Bloc countries. We were getting oil and lots of stuff. So if you were looking at that time for the revenue of the organization, it was about \$6.6 billion.

Porter: And the products were all kinds of computer products?

Dimitrov: All kinds of computer products. All kinds of computer peripherals. All kinds of services as well.

Porter: Well, I remember visiting you and the country during that era as I was gathering information for my market studies and DISK/TREND reports, and it seemed like the biggest facility, at least in the storage area, with which I was concerned, was at Stara Zagora.

Dimitrov: Stara Zagora was the biggest storage factory in the whole Comecon, not only in Bulgaria. There was no parallel structure in Germany, or Hungary, or Czech Republic, or Soviet Union. Actually in Soviet Union, was one in the same size, but was technologically behind. Was following what was going on over there. Yeah. Stara Zagora was the assembly plant. The components were not being done there. The magnetic heads had been done in another facility. The magnetic media was done in another facility. Some other guys were doing the components such as gaffings or spin motors and this kind of stuff.

Porter: But it was a huge facility with a large machine shop, as I recall.

Dimitrov: Yeah. Because if you go to Control Data at that time, in Normandale, right, that's pretty much the same. Of course Control Data was advanced, but in Bulgaria at that time we had the Winchester drives. I'm talking about 1983/84. Those had 317 megabytes versus 635 in Control Data, which became right now to be the number one player in the world of the storage technology, right. Of course, IBM had at that time 3380, which was the larger disk drive if you remember, with the hydraulics and this kind of stuff. This was the biggest one at that moment.

Porter: Well basically, is it not true that the disk drives that were manufactured in Bulgaria were a number of years behind those in the West?

Dimitrov: About five to seven years, and in some cases ten to 15 years. Because about ten or 11 years ago-- no 15 years ago, when they closed down, they shut down. In 1989, they were still doing some spare parts for 2314s.

Porter: Which was a 1965 disk drive introduction.

Dimitrov: That's right. And of course, the main volumes was in the 29 megabytes desktop loading for disk pack. And after that the 100 megabyte and 200 megabyte. Then after that the Winchester drive.

Porter: But of course, the Bulgarians also made a large quantity of floppy drives, didn't they?

Dimitrov: Yeah. Actually in the floppies, I brought a company called MPI from here out of CTS, and this was the biggest facility for floppy drive manufacturing. We were doing something like-- at that time the numbers were huge. By the time when those numbers were being presented, we were producing about 2 or 3 hundred thousand floppy drives which was a big number for this part of the world.

Porter: Going back to the question of selling, to use the capitalist term, the question of selling all these products to the other Eastern Bloc countries, was this difficult or was it a very easy proposition?

Dimitrov: First of all, there is no selling, because you have central planning economy so you have a plan which comes out of Moscow and everybody knows what his allocations are, and there is nothing to sell. We have to deliver so many hundreds of thousands of drives and we get so many transferable rubles, which are not money. And in exchange we get oil or cars or some other parts or whatever. So this was exchange. The prices were the subject of negotiations and this was also done between the Central Planning Committee. So basically, there is no marketing of ourselves.

Porter: No negotiations?

Dimitrov: No.

Porter: Except for maybe the quantity to delivery at any given time, right?

Dimitrov: Right. But also in the quantities, because it was kind of no secret that by the end of the year, they report how many drives have been produced and up to 15 January next year, they were making up the numbers. So that's how these things were going. Because State Plan has to be fulfilled. But this

was not my dealing. I was mainly dealing with the West. Dealing with the Eastern Bloc countries was not a big deal at all.

Porter: Easy work.

Dimitrov: Not work at all. This is for the clerical stuff, so there's nothing to do there. So you have to have a smooth bureaucratic organization which follows the rules and the plans and orders and that's it. And you have to handle a lot of vodka, because on those meetings you've got to drink pretty good.

Porter: Okay, but if your business was primarily with the West, you did have to do some selling.

Dimitrov: Yeah. I did a lot of selling.

Porter: What kinds of products did you find the West was receptive to buying?

Dimitrov: Actually, the West was buying everything. I was selling disk packs to UK to Control Data. I was selling disk packs to NCR. I was selling disk packs to Datapoint. I was selling disk packs to ICL and Nixdorf. So this on the media side. On the floppy side, we were not selling because we don't have capacity. There is no point of selling it, we were making a lot of money in Eastern Europe. For example, one floppy, which cost me \$25 at that time, I was selling it for \$617 to Soviet Union. That's the deal, right? So there is no point in selling it to the West. But at the same time, I was selling typewriters to all the countries like Xerox or IBM was buying it, etcetera. Regarding the copiers, this was strictly going to Xerox and Xerox is reselling them in some countries which they have difficulty at that point of time. So to sell to the West and to the Japanese typewriters is not an easy deal. So I think that this was not a little bit of selling, this was a lot of selling, because you have to sell products which in terms of the quality, they are downgraded. In terms of the performance, they were not parallel. So you have to work with the companies to make those products, which they need according to their specs.

Porter: And have the right price.

Dimitrov: Of course. Everything has to be on the right price. But I was very happy because the partners from the West helped me out. We evaluate. We change the manufacturing processes. We changed the materials supplied because over there, one of the main problems was when you're dealing in the Eastern Bloc countries is that your product has to be made out of Eastern components. And the Eastern components, in terms of reliability and the specs was quite loose and not to the standards and to the level the East needs for this kind of product. So therefore, the product was very unreliable. Inexpensive though.

Porter: I assume you had good support from the Bulgarian government on all of this?

Dimitrov: I had good support from my boss and some of his organizations for which we was being able, because he was the second man in command in Bulgaria, and all that I was doing was impossible even to think because we put the marketing economy at that time way before what the people are talking about.

Porter: And your boss was?

Dimitrov: My boss, Omiyan Doynof, was the Secretary of the Central Committee of the Bulgarian Communist Party and he was basically managing the Prime Minister. So he helped me out to support me in some of the restriction with what I was doing. Otherwise, mission impossible to fight the whole system. At the end of the day, of course, what's happened is that we fight with the system. So me and my boss, we have to go and my story's well known and well documented.

Porter: When I visited you each year in the middle '80s, I think each year you used to have me visit your boss.

Dimitrov: That's right.

Porter: That was this gentleman, right?

Dimitrov: That's right.

Porter: His name again?

Dimitrov: Omiyan Doynof. Because he would like to hear first hand from the real source.

Porter: Yes. And I used to give him a little brief overview of the status of the computer industry in the West.

Dimitrov: That's right. And the peripherals etcetera because he was getting a report through the various sources which was not the correct report. They were some made up reports. So he would like to know what was the real story.

Porter: Well, he seemed like quite a good leader and obviously, he must have had a lot of good leadership capabilities to have helped build up this whole organization.

Dimitrov: Yeah. Actually, he was the guy who created the modern Bulgarian industry and he was the guy who led Bulgarian industry towards the market because we were-- frankly, East Germany was trying to take our role or Czech Republic, or at that time, Czechoslovakia or Hungary. So there was some competition for the Russian market. For the Soviet Union market. So we've been light years ahead of the other guys.

Porter: What kind of relationship did your boss have with his boss who was the Communist Dictator of the country for more than 30 years?

Dimitrov: This is a controversial person, the President of Bulgaria who was the leader of the Bulgarian Communist Party.

Porter: Zhukov?

Dimitrov: Zhukov. Yeah. In the one sense, he was totally supporting our activities with the Western world, and on the other hand he had to dance within the rules and limitations which Soviet Union and Eastern Bloc countries had been operating. So he was his main guy for the industry. So my boss was responsible for industry and he was reporting only to President Zhukov. So we've been good friends with the Russians and Soviet Union and we've been operating very successfully with Western Europe, Japan specifically, and I was more orientated towards US and we did it pretty good here in US. And everything has to be according to the law because you did know at that time how restrictive the law was, so it was not easy. It takes us 18 months to get an export license for the floppy drive operation.

Porter: The competition from other Eastern Bloc countries for things like disk drives was very small, I know.

Dimitrov: They tried, they lost. I can tell the East Germans, they said "We're the technicians of the Eastern Bloc countries. The Bulgarians are peasants, what the hell do they know about disk drives." So we did similar things to what Memorex did because we don't have this expertise and we decided not to copy IBM hydraulic actuator. So we were going after the voice coil of the Memorex and therefore our products were the voice coil. The East German products were the hydraulic actuators and they never worked.

Porter: Well I know the Russians, and I think the Czechoslovakians made small quantities of disk drives, didn't they.

Dimitrov: The Czechs never did it. They tried but they'd been on the level of prototyping and nothing more. So they've never been able to do it. And on the floppy drive business, only Hungarians did some small numbers of floppy drives. And East Germans later on, they came up with a version of the disk drive which basically is a copy of Microscience linear actuator drive. So from the hydraulic actuators, they go to the linear actuators and you know better than anybody else that the linear actuators have not been successful. So after two false attempts, it was not easy for the East Germans to admit that the Bulgarians are leading them on the disk drive side.

Porter: You mention the Hungarians. I had visited that plant in Budapest and it was small and not very significant.

Dimitrov: yeah.

Porter: Okay. Almost a monopoly of storage products for the Eastern Bloc.

Dimitrov: Yeah. And the funniest story if you want to listen to this one maybe, it's interesting is that my export of these disk drives to North Korea. Of course now North Korea is a very sexy word, right. So we were selling drives to North Korea. North Korea was not paying. They were giving us cement and this cement, I was selling it to the United Nation for rebuilding of Bangladesh. And we were making good money on that thing, but the North Koreans found out and they stopped the ships with the cement. And the cement stayed on in the rain for a couple of days. So this was kind of a challenge.

Porter: Well, speaking of that part of the world, China never really got much of a computer industry going during that era, did they?

Dimitrov: Yeah. We were exporting all the disk drives to China and the computers as well. All the way up to 1988.

Porter: By way of looking at some numbers, I went back and compared an extract of the numbers from the DISK/TREND report on the shipments by ISOT and DZU, etcetera, in Bulgaria for hard disk drives and just looking at the numbers starting in 1978, the first year for which I had data, there was \$10.6 million worth of shipment.

Dimitrov: But you were counting based on your numbers of what they sell for in US, I guess so.

Porter: No. It was based on information I was receiving from whatever the sources were before you and then starting with you. Now, as you see here, it went up only very slowly up into the early '80s, up into

'81, we we're only at \$18.6 million. Then in '82, it suddenly boomed to \$54 million. In '83, \$101 million. '84, \$141 million, and then peaked then in '85 at \$164 million.

Dimitrov: I know for sure that we were shipping in 1988 for \$1.5 billion rubles. I don't know the exchange rate, but I can tell you that at that point \$1 was equal to 0.67 rubles. So our numbers in 1988 if you compare with the dollars, has to be in the range of \$2 billion. That's for sure.

Porter: And that's news to me, because that wasn't what I was hearing from the sources I had. Anyway, the reason I ask these questions, in the early part of the '80s the numbers seemed to be relatively small, and then in the second half of the '80s the numbers went much higher.

Dimitrov: Yes. That's right.

Porter: And then up to a point of '89 of course, when everything changed.

Dimitrov: Yeah. Everything collapsed. Was gone.

Porter: Well in '89 the Berlin Wall collapsed.

Dimitrov: That's right.

Porter: Most of the government arrangements in other parts of Eastern Europe really collapsed at that point and the same point happened in Bulgaria?

Dimitrov: Yeah. Absolutely.

Porter: I know Zhukov was pushed sideways, right? No longer the head of the country?

Dimitrov: No. He was head of the country until November of 1989.

Porter: Okay.

Dimitrov: Then after that, he was pushed aside by the Extremist Wing of the Bulgarian Communist Party. This is what we fight together with my boss. That's why we left in January 1990, if you remember that time.

Porter: Well, I think I remember that at that point in time, you some how got in some kind of a conflict with the power.

Dimitrov: Oh yeah. Absolutely.

Porter: And what happened to you at that point?

Dimitrov: I was arrested. I was 186 days in a box in solitary compartment.

Porter: What was their complaint about you?

Dimitrov: Their complaint about me is for embezzlement of funds in Eastern Bloc. And after we been through the legal process, because we were in the court, of course there was no ground found for that. But it was organized, in a typical process in Eastern Bloc countries, this was a power struggle between the progressive parts towards the democratization. What we was trying to do with my boss. And the other one which orthodox, which you in the West for some reason you think that Mr Gorbachev is the guy, and I saw it the other way. That he's part of the seminar in London talking about the emerging economies and this kind of stuff.

Porter: Now, didn't your boss get sent of to be an ambassador to Norway, as I recall?

Dimitrov: I was in arrest and he was sent as ambassador because he was working with people like me. After that, I'd been released from arrest, I got my passport and I immigrate for United States. And my boss also immigrate and he doesn't some back from his ambassador position back to Bulgaria.

Porter: Well, I remember being in Bulgaria about the time you were getting out of prison. I had been a speaker at a disk drive conference they had in Varna on the Bulgarian coast of the Black Sea, and I do remember that I took my airplane from Varna back to Sofia, I remember getting of the airplane and I had a couple of hours delay to catch my other plane on to Western Europe, and I think the person I saw there in the airport was you.

Dimitrov: Yes. That's right.

Porter: And you and I had a nice long lunch in a nice Italian restaurant in Sofia and I heard your story at that time about how you'd just gotten out of jail.

Dimitrov: That's right. And on the same day, I was on my way out.

Porter: Yes. You and your wife.

Porter: Okay, you got out of jail, you became a Californian, and you then went into some other businesses in California as I recall.

Dimitrov: Yes, I started consulting for some of the disk drive companies. I have a bunch of friends such as Finis Connor, Evo Adams, you, Syed Iftikar, Bob Martel, et cetera, et cetera. The guys from Control Data being gone, this was Bob Schmidt—he retired. So I applied for a job and I've been successful with finance but you were the guy who advised me to go and do consulting and I take this approach and we did a very successful project in 1990 in the Czech Republic for magnetic media for the thin film media. Later on, I joined Mike Warner in Orca Technology in the end of 1990. Then I raised the money for Orca Technology and start my own Orca version on the high-end SCSI drives based on the Priam platform at that point. Then in 1992, I joined Orr Associates on 1.8-inch drives. I was the Vice President of Marketing, Business Development. While everybody's talking about the hot storage products today, the one-inch, this kind of stuff, so we prepared to get that. In 1994 I started my company. I came out first with the 5.25" reversible before Quantum with the Big Foot. I was ahead of them.

Porter: This is Belfort Memory?

Dimitrov: This was the Belfort Memory and the Gigastorage. I came out with the first 1.2 gigabyte 5.25 inch hard disk product on the market in August, 1994, so nobody had it at that time. After that, I don't know traditionally or what, I don't do this mess in France with French politics, which you know it, and the whole disk drive industry is aware of that.

Porter: Well just by way of background for anyone, at Belfort in the Alsace in Eastern France, the French company Bull for many years had manufactured peripherals such as printers and disk drives and they had a very interesting old building there designed by an architect named Eiffel, who later went to Paris and did an interesting tower. But the factory there at Belfort, I guess had been vacated by Bull, who wasn't active there. So you identified this as a likely place to build disk drives because it had been done there before, there was available space, and you were designing the disk drives, I guess, in the Santa Clara Valley, weren't you?

Dimitrov: Yes, the whole concept was that we were doing the R&D marketing and sales and we were producing over there in Belfort for two reasons. First, because our customers were right across -- either in Germany or in France. Secondly, we got government incentives under which we've been pretty competitive because the French government was paying a big portion of the salaries there. Third, we

have this historic building and we put a brand new clean room over there and we started production over there in Belfort. The quality was good; Swiss traditions because this is right on the corner of Germany, Switzerland, and France so it's the right location. And the people, local people and the local government, were supporting us and things were going really well. Then the big mess came out for two reasons. First, the governments changed and the right-wing was thinking that these guys from the left were having too good of a project, they were becoming too popular so they tried to destroy them. They created stories and we've been, for 11 years, in court. We won in court finally. I had been penalized with a \$10,000 penalty for irregularity in the immigration process regarding the Malaysians, which I'm appealing, because this is not correct. We have all the permits and permissions so the whole world was knowing that 50 Malaysians are coming. We are not body smugglers, we are the disk drive guys. So you cannot do things like that. That's obvious. But this slowed down the project. You know how in the disk drives it is. So nobody in the disk drives are here six months. Now they do, but about two or three years ago, if you have four week's lead over the competitors, you're in great shape. So, they basically destroyed the business and we moved it to China and we just forgot about this thing.

Porter: Eventually, the Gigastorage company's production of the 5.25 inch drives just ceased.

Dimitrov: What happened is basically we moved the equipment to Senjin in Kaifa and we started producing the drives over there and we started shipping and selling in Asia and Europe as well. So that was the thing. But we lost the momentum after that, as you know, the form factor changed again to 3.5", et cetera, so we walked away from this kind of business. That's what's happened.

Porter: In the meantime, you remained a Californian doing a lot of traveling around the world to arrange all these things I guess.

Dimitrov: Yes, and maintaining my old relationships with the disk drive guys. We're kind of a family. We all know each other and we talk together. I'm in a different business now. I'm using the disk drive expertise and kind of spirit because the toughest industry among them all is disk drive. I'm right now in telecom and it's so easy compared to disk drives.

Porter: Let's come back to that in just a minute. I think we should go through what happened eventually in Bulgaria with the remainder of the organizations, the DZU and Isotempex, that had been involved with the production of all these disk drives and other peripherals. I guess we both know that after the Wall came down in Berlin and the Eastern Bloc collapsed and the Communist governments were basically forced out, I guess we're all aware that since the products that were being made there were older than the ones in the West, Western products basically displaced all of these products and is it not true that in Bulgaria there was an attempt to try to sell manufacturing services at places like Stara Zagora and these other factory sites to the West to make various kinds of computer components et cetera; but they weren't very successful, were they?

Dimitrov: What's happened is because we'd been close associates and friends with those guys. I tried to help them out and they work here in the Valley, with Kalok and with a bunch of other companies. But the problem which was at that time that the Bulgarian government didn't know what to do, because they're the owners and they are the guys who decide how to do it. The second thing was that the people who understand the business do not have the lead role, because still, Bulgaria and right now, Bulgaria is absolutely competitive in terms of manufacturing capabilities and cost structure to China. So Bulgaria can be way ahead of the situation and the status of which the country has right now. But they don't have the leaders, they don't have proper management; they've been extremely corrupted in these years, so what they care about and what everybody even in the moment this is the recommendations for fixing the corruption in Bulgaria that was destroying them, the business and the operation. They were selling it off for personal wealth and that's what's happened there. So Bulgaria can be way ahead of Hungary, the Czech Republic, and the others in subcontract manufacturing. Why IBM should subcontract to Videoton in Hungary and Videoton's owner is Stara Zagora right now. This is a joke because in Hungary, the cost is about three times more than what Bulgaria is and the Hungarians don't know anything about disk drives so they have to be trained and bring all this expertise from ground zero. So what I'm saying is that the mismanagement, incompetence, and the corruptions are those which destroy the country. This was done mainly by the old communist leaders because the guys who run the country from 1989-1990 are the communist guys; they are not the guys from the West. Democracy there started in 1990 but this was democracy which has been created by the communist guys to be controlled. And after that, a couple of years later, you cannot control democracy. It's obvious that Bulgaria goes through each direction. So the final result is DZU is bankrupt, it is destroyed, it sold out to Hungary, the equipment was sold out or had been sold as scrap; so there is nothing left there.

Porter: So by way of reference here is a brochure, a booklet produced in the early '90s which shows the facilities, all of the kinds of products from various kinds of PCs to various kinds of electronic equipments, various kinds of lighting fixtures, consumer electronics, et cetera; along with a list of factories and a list of the board of directors, many of the names I'm sure you probably know and all of these where the organizations which now basically, as you pointed out, were not able to keep up; and this is basically all gone, all of this.

Dimitrov: Yes, all of that. And the board of directors cannot do anything because they're reporting to the Minister of Industry and the Ministry of Industry wanted it this way.

Porter: Okay, all of that's happened and now you have become, yourself again, a manufacturer in Bulgaria as I understand it.

Dimitrov: That's right.

Porter: What in the world are you doing? <Laughter>

Dimitrov: I walked with you through this museum, right, and you showed me this rotary dialing mechanism. Right now, I am the only guy in the world who is doing this rotary dialing mechanism for the phones. I had bought two factories there. One of them was the larger manufacturer of telephone handsets so I'm doing this thing right now over there in Bulgaria and my main customers are opposite. Before I was dealing in the West and now I'm dealing in the East so I'm selling to Russia, the Ukraine, Slovakia, these kinds of countries. That's one product and that's what I inherited. I'm starting right now here, the same way like I did it with BMI, a design center in the Valley at this very moment, for the GSM phones because over there, there's a huge need for--

Porter: These are the wireless cell phones.

Dimitrov: This is the wireless fixed geo synch phones, not the mobile ones because this is long range; it's about 10 times longer range and the mobile operators became what the new service is called Home Zone and this kind of stuff. So I'm starting to do these kinds of things. And of course, I'm dealing with the disk drive guys on an occasional basis.

Porter: And you're finding plenty of expertise, good people to work with, experienced?

Dimitrov: No. The good people left 10-15 years ago. Why should they stay there? Bulgaria has about one and a half to two million people immigrating and this is basically the people who know what to do, how to do. There are thousands of engineers here in this valley from Bulgaria. Of course, if there is a business which makes sense, a lot of people are going to come back and that's what I'm putting together. Generally, everything's happened on the west side; therefore I choose my factory eight kilometers from the western border, in the northwest part of Bulgaria. For my specific business, I find enough people there, because out of nine million people, two million immigrate but there are still seven million people. Among seven million you can find what you're looking for. And of course, I'm training young people, the new ones, and I'm bringing some expertise from here and from China over there. So now Bulgaria's in a different shape. It's really marching towards democracy. It's really true in the last two, three years and I think it's a huge opportunity over there because there are only two countries left. These are Bulgaria and Romania; all the others pretty much are way ahead in their democratization process.

Porter: And you're in production now?

Dimitrov: Yes, I'm shipping now 10,000 phones a month so I'm happy and I'm thinking that next year I will go to maybe a million.

Porter: And you'll be in the black?

Dimitrov: If you're part of the disk drive industry and survive I think in the other industries are much easier. The disk drive industry is the toughest one. The guys in the other industry which I'm dealing with, they're marching with the kinds of steps which we can dream of it. For them, the margins are very high so you know how we operate and what kinds of price wars we go through; what kinds of behaviors in the management of the disk drive guys have and this kind of stuff.

Porter: Did you find it very difficult to get investment to put all of this together?

Dimitrov: Investment's always difficult after the year 2000 and after 11 of September for this kind of stuff. But it was not easy for the disk drive, to start a disk drive company in 1994 either, right if you remember that. So it was not easy but I made it happen. And, of course, I operate with my own money in this case so the initial start was given by me so I was not working with seed money and joint ventures and this kind of stuff.

Porter: Very good. Well, looking backward on your career and Bulgaria over the years, I guess it sounds like it was awfully good training to be a mature business man, wasn't it.

Dimitrov: <Laughing> Yes. After being through all these different directions around the world, yes it is, no question about it. The hardest point is to be a good salesman from Eastern Bloc countries to sell to the West. If you can make this one so it's much more easier with a mature product, quality products with technology products to attract customers.

Porter: One thing we didn't ask about—did you have any family connections which enabled you to be such a good salesman and manager? How did you get trained to do all of this?

Dimitrov: Yes, I did have a family and a family background which came to be a negative for me. I had been trained by my grandfather. He was an entrepreneur before the Communists in Bulgaria and during the Communist time, he was also an entrepreneur and he was producing in his vineyards grapes, wine, et cetera, which he was selling privately. So he taught me about those things. Later on, the father of my wife, he was attorney general of the country, but he died in 1980. So all his enemies came to be my enemies number one. So that's what's happened to me. Everything that I did, I did on my own and my boss chose me because of my results before that with IBM. Obviously, I was representing American interests and the Bulgarian culture at that time.

Porter: What occupation was your father?

Dimitrov: My father was in the Foreign Trade Organization. He ended up as a boss in the Foreign Trade Organization. But after that in 1969 all of them had been fired because they were the first ones to put the

market economic model in Bulgaria with a company called Texim. It was difficult to keep them all. Some of them ended up in jail. My father ended up in exile in the middle of nowhere in Russia. So nothing from my father's side and nothing from my wife's side came up.

Porter: Well, from the background though, you had some excellent examples of things to follow and not to follow. It's interesting to see why your wife had become a lawyer when her father was attorney general.

Dimitrov: Actually in 1976 she got a PhD out of France for the European Common Market. When she got back to Bulgaria, there was no need of such kind of specialty so she transferred her efforts, or directed her efforts towards crime psychology and she became a lawyer. When we came over here she passed the bar and she became a California lawyer. So we are happy. I'm proud of her. She did it, too.

Porter: Well, as a person whose ancestors came to California the century before last, I must say that I think we welcome you to California as a person who is typical of the impatient, aggressive kind of an individual who made California what it is.

Dimitrov: Thank you very much. I really feel great here because this is the only place on the face of the earth which nobody cares from where you're coming from, what you can contribute to the society, to the community, to the business.

Porter: They only care about what you can do.

Dimitrov: Right. That's really what it is and therefore, it's not only me. If you look around you have a lot of Chinese, Eastern Europeans; you have Indians. Nobody's asking who's coming from where. You have all kinds of melting cultures here. That's why California is California. It's a leader in the transfer of technology if you will, or a leader in the new, leading edge businesses in high tech.

Porter: And every kind of cultural evolution you could imagine.

Dimitrov: Absolutely. No question about it.

Porter: Thank you very much for a very interesting discussion, Bisser.

Dimitrov: All right, Jim, thanks. It's an honor for me to bring my small contributions to what you guys are doing here and I will help you out to obtain more of the stuff from Eastern Bloc countries because I don't see a lot of stuff here that is existing over there.

Porter: Not yet. Thank you again.

END OF INTERVIEW