Oral History of Bob MacDonald

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Bob MacDonald

Conducted by The Information Technology Corporate History Project

Abstract: In this interview, Bob MacDonald discusses his career at Informix from 1982 through 1996. He was hired by Roger Sippl, the founder of Informix, as a salesman at a time when Informix was the only database product available for the Unix platform. He discusses the transition from selling Informix primarily through VARS and OEM contracts to selling to the end user market and how the compelling economics of running applications using Informix on a Unix platform convinced customers to move away from being locked into proprietary mainframe systems. He described how Informix was revived in the early 1990s after several years of losing market share by a combination of aggressive marketing and the development of a new, technologically-superior version of the database software. The less-than-successful acquisitions of two companies, Innovative Software and Illustra, are covered.

Background and Joining Informix

Luanne Johnson: I'd like to start with your personal background and then how you ended up at Informix.

Bob MacDonald: Okay. Born in New York, moved to Southern California when I was five, grew up in Southern California. Critical connection with Informix was that I was in high school with Roger Sippl, the founder, and Bill Hedge who was the number three employee. Roger played conga drums in the high school jazz band, Bill was the drummer, and I was one of the trumpet players. And then later I was working in the motion picture industry, managing a special effects house, and we were using a Unix computer to do motion control.

This was before computer-generated graphics, when we actually had to build models of space ships and things and move them one frame at a time. We used an early DEC, a PDP something, probably a PDP-11, to do the motion control. And one summer night, on a weekend, I got a call from a good friend of mine who was in Roger's class, two years ahead of me in high school, saying she was going to her class reunion and would I like to come since I knew so many people in their class.

So I went with her. Roger wasn't there, but Bill Hedge, the number three employee was, and I was the only one there that knew what Unix was. This was probably the summer of 1982.

So we talk a little and a week or two later Roger calls me. He has about nine, ten employees at this point. He's in Sunnyvale in this little nondescript place. Has a product. He's selling it and he was very frustrated at that point. It was interesting because he had built a product, the microcomputers that it could run on were out there, plus the VAX line for the DEC, but he couldn't get people with experience to join the company. In fact he made offers to people with experience in the industry to come sell for him, but it was sort of like they'd rather go to Apple or go other places. Who knew anything about Unix?

And so he had shifted his tack. What he had decided was, he would get people who could sell and then just teach them what they needed to know about the industry and so that's why he called. And he said "Hey look, would you want to come up here?" So I flew up, and walked into his office, and we hadn't seen each other in a while.

I said "Well, what's up? What's the issue?" And he walked over to a filing cabinet, which was four drawers high and started opening up drawers and there are all these papers in there. He said, "See this? These are people calling me about the product and we haven't had time to call them back. I need people to help talk to these people."

So I said "Hey look, I might be very interested." I was running this special effects shop but I really liked the advertising clients that we had versus the movie clients. And about '81, '82, if you go back and track it, there was a significant growth in the amount of high tech advertising in things like *Business Week, Fortune*, etc. I mean there was always this traditional IBM, DEC kind of stuff, but there was a remarkable surge in the amount of advertising from Silicon Valley and stuff like that.

So I figured, "Hey, okay, I'll learn about high tech and then I'll get into advertising afterwards." I never got to advertising. I was involved with advertising as a result of coming to high tech. So I went back to Hollywood, worked on whatever I was working on. Early in '83, I called back and I said "Do you still want me?" and he said "Yes." I came up sometime during the winter of '83 and I was the 13th employee with Informix.

Johnson: It was still a very small company.

MacDonald: Very small. I became 50 percent of the sales force; he had one other guy selling and he had moved from helping write the product to selling the product. And sales at that point wasn't going to visit people; it was just sitting there just trying to respond to these people that had discovered that the company had written a database for Unix. And so we would sit there talking all day long and we'd start with people in Europe, we'd go through people across

America and we'd finish the day talking to people in New Zealand, Australia, wherever it might be. It was a very exciting time. My second or third week there, I was at Spring Comdex in Atlanta, on the sales floor talking about this product.

Roger, and Laura King, the number two employee, and Bill Hedge, the number three employee, all spent time teaching me what I needed to know. And then there I was with Laura and Roger down there in Atlanta, hawking our wares at Spring Comdex two or three weeks later. So it was very exciting and gosh, we were doing all kinds of business for a little company. So that's how I got trained.

Initial Marketing Strategy to VARs and OEMs

Johnson: Roger told me that Informix was sold through three channels, VARS, OEMs and end users.

MacDonald: Yes.

Johnson: Okay, so when you talk about all of these people that were calling you, were these OEMs that were calling you or were they end users? I mean how did the company evolve into serving these different channels and how did you approach those different channels?

MacDonald: Early on, it was—I'll tell you a story that was, oh gosh, it's been years now.

UniForum was a Unix-oriented trade show, ok? It was the clearing house for information about the Unix industry. There were a couple of books, trade magazines that sort of covered the emerging Unix market, and we were using the Internet early on. All the Unix companies were using it for word processing and for communicating, but there were no graphics and so there was no visual information. So to know what was happening in Unix, you had to go to this show.

I don't know what year it was, whether it was '83 or '84 or '85 or '86, but in one of those years, we tracked a shift away from the Birkenstock-dominated crowd to where neckties became the uniform. It was a remarkable moment at one of those UniForums where we all looked at each other and said "Oh my gosh, based on the number of ties at this show, we're making some inroads into the business community."

Because prior to that, it was the tinker-ware community, it was smalltime stuff. Also, you could understand how Value Added Resellers latched onto microcomputers and open systems software, like the Unix database, because they were building small systems to automate whatever it might be. And if they were selling into smaller companies, those companies just wanted to be more productive. They were pretty agnostic as a purchaser.

And also, a whole new VAR Business emerged in the early '80s because there was a big difference between the fledgling PCs and their capabilities, which were single user, and what you needed to do multiuser. About the cheapest thing you could do is a low-end VAX or something like that and that was pretty pricey to go after a smaller market.

Well, what happened was the microcomputer revolution. And combined with software packages like ours, there was a whole emergence of a Value Added Reseller community that wasn't targeting large corporations throughout the nation, it was targeting smaller businesses. Like I'll help libraries be more productive or I'll help medical practices to be more productive. And taking the combination of a multiuser microcomputer running Unix or some variant of Unix and our database and then writing an application and doing that.

Now, critical to that—you always have to think about the database technology as two components. There were two innovations that were required for the Value Added Reseller Business to take off like crazy. There was the core database which was the ability to create data structures in which you could place stuff and then pull it out. But more important than that to the resellers was a way to write applications quickly. And that's why Roger's creation of Informix 4GL, with its high level language with which you could quickly create a program, was so important.

That was critical because for a lot of these Value Added Resellers, time was money. They were small operations. They didn't want to be writing from scratch at a data access level; they wanted to write at a more productive level. So, I think it was a combination of those two things, the rock solid nature of the database structure, combined with the 4GL, that meant that we became the number one choice of Value Added Resellers and it held true for years.

Oracle became the largest player in open systems because unlike us, they started on VAX VMS and later added Unix. We started solely on Unix. I mean, it's in our name: Informix came from 'Information in Unix'. Roger probably told you the original name of the product was Marathon, but he got a cease-and-desist letter from somebody and was determined to come up with a unique name, so he took 'Inform' from 'information' and the 'I-X' from 'Unix' and that was the product. The company name was Relational Database Systems at that time.

Johnson: Right.

MacDonald: So we owned the Value Added Resellers community because of the productivity of 4GL combined with the rock-solid database stuff. As for the OEM channel, that kind of gets gray. Maybe you could say most of those VARs were OEMing us? You might say some of them were because what they were selling was an automation system for whatever it might be, for running a store or running a medical practice or whatever. They weren't overtly advertising that it was built on Informix; the purchaser didn't care. So, in a sense, I don't know.

Johnson: Was there a difference in the structure of the contract between a VAR and OEM?

MacDonald: There probably was.

Johnson: If a VAR came up with a vertical market application using Informix and then sold it to 100 customers, how would you get paid?

MacDonald: We sold on a license basis. So they were buying volume licensing at some kind of discount and as they became more successful then they could buy more ahead of need.

Johnson: Okay.

MacDonald: Most of the time, back then, there was no concept of the hosted model that you have today, renting it and stuff like that. We were basically selling licenses and the volume of commitment could drive down the price.

I guess OEMing referred to what we sold to computer manufacturers. Early on, we sold to Altos. They bought large numbers so that they could then resell licenses to their base. A very pivotal contract was with Siemens early on. Roger had a distinction that he never took VC money. Ever.

Johnson: It's amazing to build a company that large….

MacDonald: Yeah, he did. He bootstrapped it with money from his girlfriend, who later became his wife. Most of the early employees took consulting gigs from '80 to '83 to help pay for the company to grow. And then there were some other key deals at various points. I don't know the exact dates, but, you could say these are all early '80s. Siemens, early on, was building a Unix-based microcomputer and they struck a sweetheart deal for them which lasted for a long time where they got some incredible discounts. It might have been 90 percent.

But, at the time, it was a significant amount of money which helped fuel our growth, so in a way, instead of getting money from a VC, we had the deal with Siemens. You know, it's sort of like Microsoft early on, where they had a sweetheart deal for the operating systems with IBM, but they charged a lot more to every other computer manufacturer.

Johnson: Yeah, I see.

MacDonald: Kind of in a similar realm with us because it was a multimillion dollar deal. Siemens, of course, was huge; we were minute at the time. Roger talked about negotiating with them and, basically, they didn't accept any of our ideas. He sat in a room somewhere in

Stuttgart or Munich or wherever it was with one of our early lawyers, and they'd suggest a change and they were flanked with people on the other side who'd go "Nein.".

That's all they heard all day long. So they signed the deal, we got the money and that helped fuel our growth. There was a point where Altos made an investment in the company. They didn't have a VC arm, but we were a very critical piece of software for them; we were very close. They were one of the manufacturers, the early manufacturers that we were close to, most of which don't exist in any form today. I mean, we can say Altos is still sort of around because Acer bought their assets. And it was a significant investment which paid off handsomely which they later sold after they went public. It was one of the best things Altos ever did, was invest in Informix. But it was kind of distinctive that we never had traditional VC investment.

Johnson: Yeah. Very few companies after the early '80s did that.

MacDonald: It probably was that Roger started writing a product for a then nonexistent computer. The only thing Unix was on when he started writing this was if you got the Berkeley version of Unix to run on a VAX.

There were no microcomputers. I mean it was all in the future that we knew they were going to start building and selling these things and it was a bet that most of them were going to use Unix because it was the most logical multiuser operating system to run on the microcomputer itself.

Transition to the End User Market

Johnson: Well, so then when did the sales to the end users start?

MacDonald: It started slowly and what it was—I'll give you an anecdotal story which I think is probably true of how this started. There were two guys at Anheuser-Busch—major corporation, huge corporation, all kinds of proprietary computers and everything else. But their job was similar to a Value Added Reseller because it was to provide a turnkey system that was going to go into all of these franchised distributorships, okay?

And they ran the numbers for doing it with an early microcomputer plus a Unix database and writing in a 4GL, versus going with their traditional—whoever they were with, IBM or DEC—and using proprietary equipment.

Johnson: They probably had some of each, but my software company sold accounting applications to Anheuser-Busch and their back office systems were all IBM 360.

MacDonald: So they were looking at the IBM suggestion of what they would have to use. PCs were out of the question because they needed a multiuser system, so it couldn't go low-end and it couldn't go proprietary, midrange or high-end. And they ran the numbers and it was very compelling and they championed the idea of doing a Unix-based project and got the sign off from their bosses.

So we weren't mission critical. It was semi-mission critical and it was a contained project and so they got the sign off. So, that seemed to be the way it started. Nobody was wholesale making the move, but it was a project that was contained so they could kind of test it. And it was worth the gamble because it was going to be so much more cost-effective going with the open systems route than going with the proprietary route. So, I think that's kind of how it started, you know?

You know, you take the Geoff Moore books and clearly the early people were all these innovator/tinkerers who were fascinated by it.

Johnson: Right, right.

MacDonald: But then some real business people started looking at it and, like I said, all of a sudden one year at UniForum, there were more ties than sandals and it was sort of like "Something is going on here." And people started to kick tires. People started to look at the alternatives. And the economics were very compelling because people were realizing, for the first time in the modern computing era for multiuser systems, they weren't making a lifetime commitment to one of four or five or six major manufacturers. You know, you either were going with NCR's stuff, you were going with DEC's stuff, you were going with IBM's stuff, etc. And then the switching costs were horrendous.

So, I think, early on some people like these Anheuser-Busch guys saw that this was a great deal.

Johnson: What's real interesting is that the initial applications were very contained projects because one thing that is always an issue, I'm sure, with any company, is the fact that the database, once they got their information embedded in it, is mission critical.

MacDonald: Most transaction based systems, most of their midrange, mainframe systems, were too critical and nobody wanted to bet on something and fail.

Johnson: So it was sort of the slice below that, then.

MacDonald: Well, yeah, that's what I'm saying. These projects that were semi-mission critical and contained gave them an opportunity to test it. Now, by the late '80s going into the early

’90s, you then saw—I’ll use a case in point. This is several years later when the Unix wave was just building. The wind behind the sails is going and as one analyst said to me, there was a point in there where you clearly saw the momentum in the concept and it really didn’t matter who you invested in, because there weren’t too many players.

But there was so much wind you could invest in a group of players because you knew they were *all* going to do business. And this happened to be for the manufacturers of the hardware, but especially for the software. So with the database space, there was a point where you could just put money in all the database companies and you were going to make money.

There was a point then, where industry by industry, a major corporation stepped out of the norm and said “We’re at a change-of-life moment for our major application. We’re going to try Unix instead of staying on the proprietary system.” Hyatt, great case in point. Hyatt was on some kind of a mainframe based transaction system. They had run the numbers; they boldly went where no hotel company had gone before, probably in the late ’80s.

And did a major deal with us to do their new reservation system on Unix. And the numbers were—I mean, just the way today, we’re now seeing the stretch from proprietary software to open software—the numbers were so compelling. So they would go for it, but, all their competitors were sitting on the side lines because it’s like “Wow, this is a big bet.” You know, they make it, everybody knows how much money they’re going to be saving. If it fails, it screws their business. Okay. Big deal.

So we put consultants on it and we built this reservation system with them and it was a success. Well, once that pin fell, everybody else looking at it knows the economics and pretty soon all kinds of hotel companies are coming to that change of life point. By itself, the money wouldn’t drive it. But the next time they needed to rev their system, it made sense.

So we won a whole bunch of hotel business after that because it was like “Oo, Hyatt’s been successful.” KMart was a really big deal for us. That was early on where a big retailer was switching. Later we won business at Wal-Mart because there was the proof, but, it was sort of like everybody was waiting for somebody to make the move and once they made the move, a whole bunch of people made it.

Johnson: Then they had to.

MacDonald: Yeah, because they knew the economics, which were compelling.

Johnson: So, if you were not targeting the end user market at this point, how did Hyatt find out about you?

MacDonald: Okay. End user sales force. We grew an end user sales force. We went from a company that was selling through resellers and selling to a computer company, to a burgeoning end user sales force along the traditional model. When we really started growing it, we were very fortunate that we got a number of key sales people from Cullinet which had a huge proprietary database. Great people, great experience, knew how to build a sales force. They had been very frustrated because they had been telling their senior management that they needed a Unix version because they could see the writing on the wall. Cullinet failed to do it, sold themselves off to CA or whoever…

Johnson: Yeah, it was CA.

MacDonald: We got a bunch of key sales people. So we built the traditional end user organization. Now, I would fault us in that Oracle built an end user sales organization along the more traditional model earlier. Part of it was that they were already in a more traditional sales model by having a VAX version and then later having a mainframe version, as well. Their whole thing was that you could use the same database across anything from PCs to Unix to midrange to mainframes. We did a PC version early on, but all we could offer was just either single user or multiuser Unix. DOS or Unix, that was it. So we really couldn't compete with that model, but because they were doing that, they got savvier earlier about building a traditional end user sales organization, which we lagged. Also, we made the switch to an end user organization in the US much earlier than we did in Europe and it was to a fault. I mean our European organization stayed fixated on the resellers and there was a point in there where Oracle had 2500 people in the UK and I think we had 100. I mean it was so out of whack at one point and they belatedly realized that they needed to mimic what we were doing in the US, which was have a more traditional end user sales force, territories, the whole shot.

And it's a pity we didn't do it earlier.

Acquisition of Innovative Software

Also, the acquisition of Innovative, which happened in '84, '85—no, it was more like '87, '88.

It was later because I left Informix for three years in '85 and then came back. I left when we were about 100 people to go to radio. I left the business completely. I went and did a current affairs program for the Christian Science Monitor in Boston, never thinking I was coming back to high tech. So I was there for three years from '85 to '88. Kept in touch with Roger. The company during that time probably grew from 100 to 400 people. In conjunction with the purchase of Innovative, we struck a deal for me to come back to the company as a member of executive staff without an organization, reporting to Roger.

Johnson: Okay.

MacDonald: So I was kind of like a jack-of-all-trades and helped him with all kinds of stuff. And so we were at, I don't know, 450 employees, then, 500 and we purchased Innovative. The Innovative merger was a huge distraction for the company—like most mergers where the companies were almost equal in size. They tried to play it as a merger of equals and it was fraught with distraction. We had been a technology-focused company, in traditional Silicon Valley fashion. I wouldn't say it was a marketing-oriented company at the time.

This distraction of the purchase of Innovative—I think it was a great vision but we kind of failed on the execution which was to expand our product suite to include a whole set of office products, you know, soup to nuts kind of thing, be the Microsoft for multiuser.

Good idea, but getting the companies to work together; getting the products to work together was hard. I mean, a couple of the merged products were over a year late in coming out. And also it was a big distraction and we weren't marketing ourselves. There was a critical period in the late '80s where Oracle was just getting bigger and bigger in CIO consciousness. Ingres was growing. They weren't the biggest success, neither were they a failure. And Sybase had come out of nowhere to be the technical darling of the analysts.

So Sybase and Oracle are doing all the traditional Silicon Valley market awareness stuff. They're courting the analyst community multiple times a year with messages, themes, etc., okay?

We were commuting twice a month between the Informix site and the Innovative site. One week we'd have executive staff in California, the next week we'd have it in Kansas. And, you know, this VP's here, this VP's there and it was not working. So Phil White was brought in as that independent umpire to sort through all of this.

Now, unfortunately for Phil, we weren't the best executing company to begin with at the time and then there was an economic downturn. The early Iraq War and all this other stuff was not helping the economic climate, so we had to go through two downsizings. In the first year Phil was the CEO he had to downsize the company twice.

Informix's Renaissance in the Early 1990s

Also, we were getting off the radar of all of the market influencers. I discovered when I took over corporate marketing in 1991 that from 1989 to 1991, a period of four years, we had not toured to visit analysts. So that's four years of Sybase and Oracle and Ingres were proactively visiting these people, talking to these people, and selling to these people. We would talk to analysts when they proactively called Informix, but we were not marketing to the influencer community what we were about.

And I remembered those early trips that I took out with the VPs of product management or product marketing. Getting the meetings was tough because around 1991, we had been written off by our competitors and written off by the industry analysts as irrelevant. And it was tough; tough just to get the meetings. It was sort of like the Gartner guys were saying, “Why should I waste my time talking to you? You’re over.”

Well, we weren’t over but—so it was a multiyear effort to first get back on their radar and then move ourselves up that good old Gartner magic quadrant chart. Because when we started in ’91, we were in the worst place which was in the lower left of the quadrant. And we were very proud of the fact that between ’91 and ’93, we moved from the lower left to the upper right and the higher you were, the more market presence you had. The farther to the right, the more innovative you were and you were considered a technology leader.

During that period, we replaced Sybase as the technology leader and were in the second best position market position compared to Oracle. Well, it was a tradeoff because we were more innovative than Oracle in their minds but Oracle was bigger, so they were higher, but we were farther to the right.

It was a great position and we became the darlings of the technologists. We were helped by the fact that Sybase lacked some key features that, at a critical time in the evolution of database technology, hampered them from performing well. It was the shift from single processing Unix machines to multiprocessing Unix machines. They did not have a key feature called ‘row level locking’.

Johnson: Ah ha. I’ve heard that.

MacDonald: And row level locking and their decision to not implement it when they should have, came back to haunt them because we decided—and this is typical in Silicon Valley—in order to change our position, we needed to pivot off of something new, some new development. Our pivot point for coming back from the “dead”, in the eyes of everybody, was multiprocessing.

Some colleagues, Gary Kelly in development, who was in charge of the kernel development of the database, the inner workings, and Tim Shetler, who was the VP of Product Management at the time for the servers, conceived of a total rewrite of the guts of our product; basically doing a whole new product designed for multiprocessing. That was a pivotal moment for us and we rode that like crazy because that was the wave of new hardware coming out. With that move from single processing to symmetric multiprocessing, software could take advantage of being able to take one request and break it across multiple processors which enabled a remarkable performance jump.

The minute you got to SMP, you could then start challenging even more robust applications with higher transaction rates and even telcos could start looking at it.

You know, there was a very significant deal, I think it was with MCI, where we did a massively parallel implementation. And we parlayed our expertise into incredible market awareness about our massively parallel stuff. Oracle was so ticked off at us because we had successfully—I mean there were very few massively parallel implementations, but we successfully won a big bakeoff at MCI and the MCI guys went to talk at conferences about what great technology we had. We also had an IBM executive waxing poetic about us. And we had hardware manufacturers using us to show off the bench marks of their massively parallel hardware, because we were the fastest.

So, it was a golden era for us.

Johnson: Now this was early ’90s, right?

MacDonald: Early ’90s, yeah. From ’90 to ’91 we were getting our act together and then the renaissance period started kicking in ’92. By ’93 we were being recognized as the technology leader and there was a period from ’93 through ’95 where we were growing, we were winning deals, and it was a real transformation. And we had become where we wanted to be in the business, because nobody was just looking at one product, but at a minimum, they’d look at two. And for a long time in there when we were hurting, Oracle and Sybase were the default choices. And then maybe Informix, or Ingres.

Except for the VARs. The VARs were still buying us like crazy. But the end users stopped. To people it was all Oracle and Sybase and when we replaced Sybase, it was remarkable.

This renaissance for us, this coming back from the dead, this being the thorn in Oracle’s side, I mean, it was wonderful. It was the symmetric multiprocessing and our new products were doing it and we were really marketing it. One of my lieutenants, Melinda Wilken, who was in corporate marketing, and myself and some others, sat in my office interviewing the product people, before the launch. Everyone was so busy, none of us had realized we had totally redone the kernel of our product to do symmetric multiprocessing. We kept hearing that we were doing parallel data query but we thought it was just an add-on feature. Well, it turned out we rewrote the whole thing.

So we decided “Oh my gosh, we’re going to market the hell out of this” and so, what we came up with, after a lot of debate, was our dynamic scalable architecture which could run on anything from a single processor, loosely-coupled computers, symmetric multiprocessing or massively parallel, and that we could harness any computing power you could give us to give you

maximum throughput. DSA or Dynamic Scalable Architecture. And then we made it easy for every salesman worldwide to communicate it.

And it went nuts. The analysts all bought into it. I mean it was almost irrational. When we became their darling, it was almost irrational how much we were their darling. Which I didn't complain about because after years of not being their darling, it was nice. I think that once I figured out that it took us two and a half years of work with the analysts and the new product in order for us to move from the lower left to that upper right of the Gartner magic quadrant. But once we got there, it was remarkable.

Also, it was very nice because the Gartner people told us later that they appreciated the fact that during that whole period, we were always nice people—we were nice to work with, and we didn't get our nose bent out of shape. I said "Well, that's very nice to hear. Why are you thanking me for that?" They said, "Well, you know Sybase enjoyed such a long period of being in our good graces that when we started criticizing them, they went ballistic. They started yelling and screaming at us and you guys never yelled and screamed. You just quietly told us what you were doing." So that was nice. And if you talk to anybody from that time, that period is fondly remembered from, say, '92 to '95, as a golden period. I mean because we were selling, we enjoyed working and we kept collecting good people.

The company continued to grow. At our height we were probably over 4,000 people. And we collected great people from HP, from Oracle, from all kinds of places and it was a lot of fun.

Johnson: Where was the headquarters at this point?

MacDonald: We moved to Menlo Park. We had gone from Sunnyvale to Palo Alto but then to Menlo Park at Marsh Road and we were there for all this time. And it was a great place to work. People would come and they would be astounded that when we were at 4,000 people during that heyday that we operated so leanly, in a nice way. You could go to meetings and people were collectively trying to figure out the best thing for us to do as a company.

We'd hear these anecdotes. One person who came to the company from Apple was stunned in her first interdepartmental meeting how collective and collaborative the meeting was and that nobody was worried about their department; they were really honestly trying to figure out what was best for the company. And she had come from an environment over there during the time of the John Sculley era where it was "put my department first, company second" kind of thing.

It was remarkable. People trusted people. When you were working on a launch, you didn't need to have a zillion people in the room because you could be there representing the wishes of several colleagues and they trusted that you were going to report back to them what was going on. So that was great.

And we had some great sales people. People liked buying from us so when we finally had a good product—because our sales and professional services organization did not have the hard edge of our competitors. Both Oracle and Sybase had a harder edge to their sales organizations. We were aggressive, but we were aggressive with kind of a more comfortable interchange, so people wanted to buy from us and when we had a better product, they loved buying from us, which was great.

The culmination of all of this, for me, was one day when the VP of North American Sales at the time, Frank Bergandi, called me from Toronto, said "I need to share this with you." I thought "Okay, what went wrong?" He said that they had gone to make the first sales call on the head of some bank. He and the team met the night before and decided who was going to present what. Then they went to their first meeting with the client and the client said "I don't need to see anything. I want to buy." Frank said "We haven't said anything to you." He said "It doesn't matter. I've talked to other people I know. They said 'Buy Informix'. I've talked to analysts. They all said 'Buy Informix.' " His decision was all based on his networking.

So it was that enterprise software marketing moment you aime for where you have successfully created awareness among CIOs, and are in good standing. And the references from anybody using us were very positive. All the analysts were saying good things. We were at the top of their short list for a lot of types of projects and it was just a remarkable moment that confirmed our two-and-a-half year to three-year effort had paid off. Because he had walked into the client for the first time and he was ready to take an order and he didn't have to lift a finger. And so he was thrilled.

So it kind of came later in our career as a company, but it was a significant achievement, especially when we'd been on the ropes, to have come back.

But for anybody who worked during that period, it was a wonderful time, and people liked working with one another. Roger early on had established a good culture that people liked being a part of. And during the toughest times, Phil had sustained the culture for the longest time. I mean Roger kind of established it and then it was sustained during Phil's era for a long, long time and that was just a remarkable thing.

Johnson: You mentioned, in passing, your professional services organization. Talk about that a little bit.

MacDonald: When end user sales became the bulk of our business, then there was a transition. The bulk of our business was not selling to VARs anymore, but selling to corporations. I mean it's still a traditional model that VCs will bat about as we sit here in 2006. In an enterprise model, you're going to be selling licenses, but then you're also selling services to help those customers use that software.

So it was a very critical component because, you know, sometimes the companies were familiar with database software because they'd used off the shelf database software, maybe DB2 on a mainframe. So they weren't ignorant, but they needed to understand the nuances of our version versus DB2. Sometimes the previous system was 15 years old and it had been written in some other language. There were many reasons why you needed that transfer of knowledge. Some of the customers had a great IT department that could do the bulk of the lifting. Other times we were doing the bulk of the lifting, writing the new applications. So it really ran the gamut. The professional services organization was a critical component to selling and then implementing the software, and one of the strongest organizations we had as a company.

Johnson: I assume that was typical of your competitors, too.

MacDonald: Absolutely. I mean, you see it still today. Oracle has a huge professional services organization which they need not only for the database, but once they got into applications, they need it for the applications business as well.

What happened during the database era, later happened in the application era and the sales model was almost identical. You had end user salespeople, you had system engineers for pre-sales technical stuff and then post-sales you had either your professional services organization or you had agreements with the larger consultancies to do the implementation. Like Tom Siebel brokered a deal with Anderson to be the early service arm for Siebel Systems.

Eventual Outcome of the Innovative Acquisition

Johnson: Let's go back to Innovative software. Did any of that stuff ever get integrated or did it all just eventually just go away?

MacDonald: Eventually, it went away. For a couple of reasons. The model of hosting office productivity software centrally really never took off. It just didn't. I mean, you can look back at the history of the last 10, 15 years and there've been multiple attempts to do that.

Oracle's promoted it; Sun promoted it. Now even Google is being whispered as promoting it because they have these huge server farms and if they can get people to… So it always seems to be one of those possibilities, but the individual copy on the individual desktop won out as the model. So, you could say that even if we'd been really good at it, it never seemed to take off. People bought the concept of Unix computers to run applications and transactions and things like that. They never bought off on "We're going to centralize office productivity." So that model never came into being.

Now, conversely, we fumbled something else with Innovative. Probably the most distinctive piece of software at the point that Innovative became part of Informix was a graphical

spreadsheet they were developing called Wings which had graphical capability way ahead of its time. Way before Excel existed on Windows as a digital graphical spreadsheet. It was incredibly compelling. But, the company hadn't been built as a "single copy for a single desktop" kind of company, so that kind of got fumbled. It was written for the Mac, originally, and that got delayed and delayed and delayed and for all the notoriety we got at many trade shows, it was a year late coming out. Then the Windows version and the OS2 version took forever.

And there was some thought, before the company got distracted, about coming up with a PC suite, like a Microsoft Office, but we really didn't have the PC versions of the suite that we needed. If they'd had a whole PC set of stuff, who knows?

So, over time, the Lenexa, Kansas site became just part of the database business. We shifted telesales from a combination of both places so that it was centralized in Lenexa where the costs were lower. It also became our centralized shipping facility.

Johnson: Were there any people that came out of that acquisition that ended up having a significant role in the company?

MacDonald: After Phil came on board, there was a period where some of the VPs from Lenexa were still on board. Wynn Jennings was the CFO for a while but eventually his role changed. Phil decided he really needed to consolidate the executive team in one location and so one of the decisions he had to make was "Yes, we're going to have one headquarters and it's going to be in California." Wynn switched from being CFO and to become the operational head of the Lenexa site, so he was with the company for a long time, running the Lenexa facility. So, he's probably the longest serving one.

And there were some marketing people—like Doug Edwards, who was very good. He was in charge of Wings and he did tremendous marketing on that. The notoriety we got for Wings was remarkable. If Wings had come out when it was originally scheduled, it might have made a much bigger splash. He did great marketing. He was with the company for a while.

Acquisition of Illustra and MacDonald's Departure

Johnson: Yeah, that's kind of typical. So when did the Illustra acquisition occur? That's fairly recently, isn't it?

MacDonald: It was more recent. I think—I 'm trying to remember the year I left…

Johnson: Well, that's interesting, too, when and why you left.

MacDonald: I think I left—do you know what year the lawsuit against the company happened? Was that early ’97?

Johnson: I don’t have that information, here, but that sounds about right.

MacDonald: Okay. I think it was early ’97. I believe I left in the summer of ’96.

Johnson: Why?

MacDonald: I’ll tell you in a minute.

In December of ’95, we acquired Illustra. Initially everything was hitting on all cylinders. We successfully announced the deal. We had diluted the value of the company, not significantly, but by 10 or 15 percent, and on the day of the announcement, we drove the price of the stock up.

So it was a successful announcement and I think it was in December. I chaired these meetings, how we’re going to announce this, etc. All that worked. We then had a very successful sales kickoff where we introduced the whole concept. We had an ad in the Wall Street Journal announcing our universal server to come. Incredibly successful sales meeting; first time with everybody together talking about the concepts.

In February, and again, I believe this is ’96, about February 15th—you can confirm this by the date of the lawsuit which I believe was early ’97—we had a worldwide teleconference to introduce the whole idea of merging the Illustra stuff with the Informix stuff. And in a nutshell, in a not too technical way, everything that Illustra had done with multimedia data types, we had planned to do as a next wave of development off of our core technology. Michael Stonebraker who was a part of Ingres and then later a part of Illustra—all of this stuff had been written up at Berkeley, as the idea of where to take a database with the concept of being able to put in multimedia data types and clearly multimedia was in the future.

Why Phil did the deal, and it was an appropriately sound idea at the time, was because we were going to do this on our own, anyway, but by doing it now, we could accelerate where we were going to be. Fifteen to eighteen months later, we would have added our first wave of these multimedia data types, whereas Illustra already had them. Illustra was suffering from the lack of back end performance for high throughput. So they had the multimedia stuff but they didn’t have the high throughput engine that we did.

So by taking the best of both things, we would have a merged product. Early on, it was clear what we were doing and everybody bought into it. But, somehow, the merger of the two companies changed our culture dramatically and/or somehow the mix of executives—I don’t

know what happened at the time. They'd been acquiring a whole set of executives pre-IPO so that they could grow rapidly post-IPO. So in a sense, they were experience-heavy at the top.

Of course, we had a full set of executives, too, so you put all these executives together and we're trying to find jobs for everybody and figure out who's going to work with whom and all this other stuff. It didn't get sorted out cleanly and as a result, we had a culture change which was quite dramatic at the time. I had my ten-year sabbatical at that point and then I added four weeks of accrued vacation and I was away for two months.

I came back after those two months and everybody that reported to me was talking about the dramatic change in the company in that just all of a sudden we'd gone from being one of the most apolitical 4,000+ person companies in the Valley to an extremely political one. And the litmus test for that was ex-Oracle people who had fled Oracle's highly political culture for our more productive apolitical culture came to my office and said "We're experiencing greater politics here, in a negative way, than we ever experienced at Oracle."

Johnson: How many people were there from Illustra that were brought in? How big of a company was it at the time?

MacDonald: There were no more than several hundred, but the key thing here was the number of executives they had. We kept a lot of people combined between the two but somehow how that came together and how we organizationally aligned ourselves meant that all of a sudden things weren't working well.

Johnson: It had happened so quickly.

MacDonald: It happened so quickly which stunned all kinds of people. And again, I was away for two months and I went away blissful because we'd done this well. I hosted a worldwide teleconference meeting which was a huge success. We had announced the merger—huge success. All of the stuff was great. We had a successful sales kickoff, 2,500 people in San Diego, best sales meeting we ever had. So, I was high. I leave for two months and I come back to all these long faces.

And I remember a reason I left was—we traditionally ran all the messaging for launches through my office. We'd kind of vet it all out, sort it all out and then we'd polish it and we collaborated. I'd get the product marketers in my office, the corporate marketers, the PR people, and we'd sort it all out. And, like I said, we used to be able to have launch meetings with a handful of people and each of those people would represent other parts of the organization.

There was a launch meeting sometime that spring or summer for some release that was coming out. It was so big that we had to have it in the company cafeteria. There were something like

30 or 40 people sitting in the room. Part of it was now everybody was scared because of the politics so they felt like "Well, I can't rely on someone else, I have to have my own representation up here." With that number of people participating the process wasn't going to be as much fun in the future.

Roger had started his third company, Visigenic, which had evolved through three different business plans. It was first a graphical tools company, then it was a partner with Microsoft to do open database connectivity technology for Unix, and then it had become an object request broker company. Roger and Mark Hanson, who was another Informix alum, wooed the VP of North America, at that time, Scott Chalmers, and me, the VP of Corporate Marketing, to join Visigenic to help them make that transition in the business plan. .

Johnson: And a great opportunity came up.

MacDonald: And in hindsight, it was a good choice because Informix stock had reached it peak. The politics got worse. They got into the beginning of the 1997 and then Q1 came up something like 30 percent short. There was the big shareholder lawsuit, then there was the discovery that a few people in the European organization had been doing improper deals so they could make their number. So, it was a good time to not be there.

Aftermath of the Lawsuit

And that's when the great exodus occurred. In Silicon Valley history, there's a period where as companies grow they accumulate more and more good people that fit their organization. And then there's an implosion point and at that implosion point the employees scatter into all kinds of other companies. For years we'd acquired good people and then the implosion happened between, say, mid-'96 and mid-'97 and then Informix went through a few more eras before it got sold off..

Johnson: Yeah, to IBM.

Johnson: Well, we've gotten some pretty good stuff. Thanks so much for spending the time.

MacDonald: Thank you. It was fun.

