



Oral History of Dale H. Learn

Interviewed by:
Luanne Johnson

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Table of Contents

| | |
|--|----|
| PERSONAL BACKGROUND | 3 |
| CAREER AT IBM..... | 5 |
| FOUNDING OF INSCI..... | 7 |
| RELATIONSHIP WITH IBM..... | 8 |
| SEMINAR-BASED MARKETING STRATEGY | 10 |
| DEVELOPMENT OF A SOFTWARE PACKAGE..... | 11 |
| RELATIONSHIP WITH IBM (CONTINUED)..... | 14 |
| ADDING A PAYROLL PRODUCT..... | 15 |
| WESTERN UNION'S INVESTMENT IN INSCI..... | 17 |
| SALE TO CPC INTERNATIONAL | 17 |
| DIVESTITURE FROM CPC | 18 |
| CAREER AFTER INSCI | 21 |

Dale H. Learn

Conducted by Luanne Johnson

Abstract: Dale Learn describes the founding of InSci (Information Science, Inc.) in 1965 as a software company specializing in personnel systems. He describes the positive relationship between IBM and the founders of InSci who were former IBM employees and how IBM assisted and supported their efforts as a start-up. He talks about how they began to sell their personnel system as a package product in addition to developing large customized personnel systems and how they subsequently added payroll to their product line and shifted the company's focus. He describes the difficulties in obtaining the initial financing to start the company and the problems caused by the changing ownership over the years until the company was sold to Computer Associates in the mid-1980s.

[Editor's Note: This interview was recorded in Mr. Learn's home in Westport, Connecticut.]

Personal Background

Dale H. Learn: My dad worked in a hosiery mill in Quakertown Pennsylvania and that was really a workingman's town. Most of the people worked in the steel industry or other factories. My parents were very bright people. They just didn't have the same opportunities that they gave me. My grandparents' home was up north of Bethlehem, Pennsylvania, so we used to drive over the mountain to Bethlehem past Lehigh University every Sunday when we went up to visit my mother's parents. My dad kept on saying, "Some day you're going to go there." I didn't have to make too many decisions as far as where I was going to go to school.

Luanne Johnson: Lehigh was very focused on engineering, right?

Learn: Yes, and it was a top engineering school at that time. I won the Westinghouse Science Fair for New York, and placed third in the National Science Fair when I was a senior in high school, so I thought that I was going to be able to sail through Lehigh. I got torpedoed the first semester there and really had a rough time for three semesters until I got the drift of it.

Johnson: That's interesting. I'm always looking for the common threads for people that end up being entrepreneurs, especially people going out on their own in an industry as undefined as the software industry was in the 1960's. Most people though you were crazy to do something like that, so what's the common thread among people who did that?

I haven't thought about the idea of being in a leadership position in high school and having a lot of acclaim during that period of your life as giving you the confidence to take a big step like starting your own company.

Learn: From the ninth grade on, I was winning all the science prizes and then in my senior year, when I went to the National Science Fair, that was a big deal because I got to go out to St. Louis for the competition. And I guess from the time I was in high school, I'd always dreamed of being in my own business.

Johnson: Oh, so you had that concept very early.

Learn: Oh, yes. My heroes were people like Edison, Franklin, Jefferson. Those were the people that I thought were like what I wanted to be. Professional baseball players and football players didn't turn me on that much, although I did play football in high school.

Johnson: But your heroes were people like Edison.

Learn: Yes.

Johnson: Who really isn't generally given enough credit as a businessman. He's primarily honored as an inventor but he was a heck of a businessman. That's very interesting.

Learn: He founded General Electric.

Johnson: Yes, he had as much of an impact with his business acumen as with his inventions. I mean, his inventions would have gone nowhere if he hadn't had the business acumen to figure how to commercialize them.

Learn: Right.

Johnson: Which is the theme I'm trying to address in software history. I've been pursuing my interest in this for quite a long time. I found out years ago that nobody had ever interviewed people like Marty Goetz and Walt Bauer, so I concluded from that that nobody was working on a history of the software industry because you couldn't write a history of the industry without talking to people like that.

Learn: Right, that's true.

Johnson: Most of the work that has been done focuses on the evolution of software technology, which is really important, of course. But my view continues to be that it was people who understood how to turn that technology into a business and create a business model that could succeed were the ones that proliferated the technology. So, my agenda is to emphasize the contributions of the people who founded businesses to commercialize software.

Career at IBM

My understanding is that you went directly to work at IBM after graduating from college except for a stint in the army.

Learn: I had graduated from LeHigh with a BSIE and a commission as a Second Lieutenant in the Army. I went to work for IBM two days after graduation and in March of 1956, I was called up for my six-month tour. The Korean War was over at that time and they didn't know what to do with all these second lieutenants, so they sent us down to the Aberdeen Proving Ground. It was a total waste of time. There was nothing for us to do. So I played golf for six months. When I went back to IBM I was upset because I had lost the six months and the other guys were getting ahead of me.

Johnson: So you were with IBM until you started InSci but it was at IBM that you got into the human resources field?

Learn: Right. I was an industrial engineer, so I was slated to start in the Manufacturing Research Department of IBM which was an exciting place to be. And I did start there and then they needed a technical college recruiter in the personnel department. That was right at the time when computers were really beginning to take off and IBM had huge recruiting needs. So my boss asked me to help Personnel out. I got into that and it was fun for a young guy. I wasn't married at the time. I ended up running all around to colleges all over the country which was great because I hadn't traveled that much.

Sometimes I regret that move when I look back on it because I think I could have really made a contribution in manufacturing research. But, anyway, I got on the fast track in Personnel and by the time I was twenty-nine I was Corporate Director of Employment for the whole company.

Johnson: Wow!

Learn: It was in the job right before that that I really got heavily involved in systems. I was selected as the person to head up the development of a personnel data system. I put together a few people and we got it installed in one division and then that formed the basis for

my promotion to the Corporate Director job to implement the system throughout the whole company.

Johnson: What was that developed for, the 360?

Learn: Yes. No, wait a minute, no; it was developed for the 1410.

Johnson: It was?

Learn: The first system was on the 1410.

Johnson: Oh gosh, so they were very early in trying to automate that process.

Learn: Oh, yes. Anyway, we got that done and at the same time I had the responsibility for a horrendous recruiting requirement. We needed to hire 17,000 engineers in the 1964-65 season and there was no way we were going to do that because that was all the engineers that were graduating.

Johnson: From every college in the country, right?

Learn: Right. We knew that there was a lot of redundant recruiting taking place because IBM was pretty big at that time with plants and labs all over the place. People were being rejected at one place when another place would pick them up in a second.

So I thought I'd take this idea of a personnel data system and I'll apply it to the recruiting problem. I led the team that developed what became the first large-scale computer job matching system. All the IBM locations would send in their requirements to headquarters. The national ads that we ran told people to send for an IRIS (IBM Recruiting Information System) Data Pack. They filled out their skills and we matched them up with openings throughout the company and we met our requirements. Well, that impressed everybody.

Johnson: I'm sure it did.

Learn: Including Mr. Watson who was Chairman of the Board at that time and he told the Advanced Systems Development Division to look into it as a business opportunity. The Advanced Systems Development Division was responsible for looking out for new things that IBM could get into. They put together an impressive project team headed by a PhD to look into this. He had a whole staff of PhDs working for him. They developed a business plan in about six months. It showed that the business opportunity for IBM was quite large and met IBM's criteria for new business. They showed that IBM could do \$240 million dollars in four years if they went into computer job matching.

Johnson: As a service business?

Learn: Right. And so, that went up the line and was presented back to Mr. Watson and he thought about it for about two or three minutes and said, “No, we’re not going to do that.”

Johnson: Interesting.

Learn: “Because,” he said, “I’m afraid that if we have a system like this that can pull people away from our customers, it could wreck our primary business.”

Johnson: Very astute, really.

Founding of InSci

Learn: Yes. So we mulled it over for a day or two and then got a team organized to form a company to pursue that opportunity. There were quite a few people that were interested in joining me, people that worked directly on the development part of the system, plus the guy who was heading up the personnel data systems project at headquarters. We put together a business plan and, as you know, there were no real venture capitalists, so we tried to find some investors. I didn’t know that many wealthy people but one of the guys, Bill Berry, was from Richwood, New Jersey and he knew some rich people over there. We put together a flipchart presentation and called them up and made our flipchart presentations and, lo and behold, people started showing some interest.

Johnson: So you were looking for angel investors? What year was this?

Learn: 1965. The business plan showed that we needed \$400,000 to get the software done, a far cry from what guys say they need today.

Johnson: That was based on the IBM business plan?

Learn: Yes. Now, the story gets very interesting. We were getting the money lined up with the idea that we would turn in our resignations in April of 1965 and give a month’s notice to IBM. We had one fellow that really got excited about the whole idea. His name was Murray Weiss. Murray owned an embroidery business during the Second World War creating insignia for uniforms, so he got rich that way. Then he owned real estate and gas stations and theaters—a little empire. We had \$154,000 committed and Murray said, “I’ll make up the \$246,000 difference.”

Well, on April Fools’ Day of 1965, Murray went out to play golf at the Rockland Country Club and dropped dead. Talk about April Fools. We had already turned in our resignations, and there

we were with \$154,000. Murray's widow, of course, didn't know anything, so she wasn't about to give us that kind of money.

But we were committed so we decided that we would go ahead with the two aspects of our business plan. One was to develop personnel data systems and the second one was to do computer job matching, to be the first company in that field.

We figured that the best thing we could do was to hire a good PR firm because the whole idea of computer job matching then, as well as now, is a pretty sexy idea. The press was very responsive. So, we did that and a number of companies approached us.

Now, I'm jumping a little ahead of the story because this actually took place later on in 1966. Meanwhile, to get back to IBM's role in this, when we left IBM it was with a pat on the back and, through Mr. Davis who was the secretary of the corporation at that time, Mr. Watson wished us the best of luck.

Johnson: Did you actually take the software with you?

Learn: No.

Johnson: So you developed the software on your own once you got out.

Learn: Right.

Johnson: But you used what you'd learned from the experience of developing the software at IBM.

Relationship with IBM

Learn: Yes. And IBM helped us once we got out there. You know, our whole personnel data system was being driven externally by the government. It wasn't that we thought we could go out and sell personnel systems by just telling personnel people what it's all about. We went to them and said, "Hey, you have a reporting responsibility that you can't handle without this." That was the driving force and as soon as the EEOC [Equal Employment Opportunities Commission] started to rough people up a little bit on compliance issues, IBM started getting calls for help and they referred people to us. They referred Armco Steel to us and Phil Morgan and I went out and made a presentation to their Board of Directors. Which for a couple of thirty year olds was quite an experience. They gave us a contract to do a study for a personnel system. That led to a contract to develop the system but the problem was there were half a dozen people who had the IBM attitude that you do everything in the best way possible and you

spend whatever it takes to do that. Well, of course, with \$154,000 you really don't have that option. So we started to get really short on funds.

Johnson: This was a custom contract that you had?

Learn: Yes. The early contracts were all custom work. We had picked up a couple of other contracts in those early days but in October we were out of money and we had a Board of Directors meeting. The outside shareholders included a couple of real demanding guys. Business plans can really come back to haunt you. They'd sit there with our business plan at each meeting. This is where we were supposed to be right now and you're out of money now, so how are you going to do that?

Anyway, the decision at that meeting was going to be should we shut the company down or continue to keep going. We had been calling on Manufacturers Hanover Trust Company and the personnel director kept assuring us that the bank wanted to put in a personnel system but he had to touch base with everybody. Before this meeting took place we called him and said, "We're going to be at the Commodore Hotel in New York City in one of their conference rooms having our board meeting and, if you get the go-ahead decision, call us right there". So, it was a dramatic moment with him calling right at the eleventh hour and so we were able to turn around and announce that we had this \$100,000 contract.

Johnson: Great!.

Learn: So anyway, the business was really targeted on people who were going to have a problem with the EEOC and that was Fortune 500 companies primarily and all the big banks. And the banks became a very important category for us since we were familiar with them.

Johnson: You didn't have a payroll system at this point?

Learn: No.

Johnson: Just personnel.

Learn: We really didn't get into payroll until much later because we were really building on our expertise in personnel. As our brochure said we were a "Leader in a Field of One."

Johnson: That's a great slogan. One of the questions I had was about how you defined the potential market but it sounds to me like you were working off that original IBM concept and the Fortune 500 was what you had targeted as your market.

Seminar-based Marketing Strategy

Learn: I felt we were quite innovative in the industry at the time. I don't know if anybody else had beaten us to it but we really developed the seminar concept of marketing. That was very important to us. We would offer a seminar on our human resource systems and we would direct mail to all the companies in the city.

Johnson: To the chief human resources officer?

Learn: Yes, and the chief executive officer.

Johnson: Who came up with that idea? Was that something you came up with?

Learn: Well, Bill Berry and I. We always said the four founders added up to one real person. I was the dreamer. I came up with the idea to do it. Bill was the seller. Phil Morgan was the builder. And Dick Iverson was the thinker. And the four of us got the job done.

Johnson: OK.

Learn: Bill is a man with tremendous energy. He would tear around the country doing these seminars, one after the other. Pretty soon we'd have pretty firm statistics as to what was going to happen. We would get twenty to forty people in each city to turn out to listen to Bill preach the gospel. He's a spellbinding kind of guy and at the end of the day usually two, three or four people would come up and said, "We've got to do that. Come out and see me right away." And so, there we were identifying all our key prospects and then we'd make calls and try to close the contracts. We'd start off with what we'd call Phase I which was an up-front study because we were always nervous about how complicated the job was going to be.

Johnson: And were these usually still primarily contracts for custom development?

Learn: Oh, yes, at that stage it was custom. We later developed a system for a bank in Memphis. I can't remember the name now but it's probably merged with somebody anyway. That became what we called our Small Bank System and that was the forerunner of our first package. So, we would call on the next tier of banks and tell them we had this Small Bank Package.

Johnson: Were the banks using it for their customers or for themselves?

Development of a Software Package

Learn: For themselves.

We had some very bright people in the company including a Chinese lady, Anne Yu. She went to work for IBM later. She was pretty much in charge of our systems and programming R&D and came up with a generator where we could go into a bank with this package and they could check off all the things that they wanted. Then she'd come back and generate a complete package for them. It wouldn't cost us anything except for a little bit of computer time. They could install it themselves if they wanted to or would we would provide staff to install it. Of course, at that point in time, most banks didn't have the staff. They wouldn't know what to do, so we would almost always get the contract to put it in. After we put in maybe a dozen or so of those small bank systems, we said this could work for a lot of other people too and we came up with the HRS II which was our packaged software. In fact, we had a designer, Al Corchia, who did all our brochures and other marketing materials, come up with an actual box. It was a beautiful box that looked like the current type of software box on steroids because it had the big tapes in it.

Johnson: What year was it that you came out with HRS II?

Learn: I'd say that was around 1971. It's when we moved into our new building. That was when we moved over to Montvale, New Jersey.

Johnson: I remember when you were there.

Learn: And then we decided that we would try to spread out geographically because we were taking too many trips out to the West Coast.

Johnson: So did that change your marketing methodology significantly when you started selling the package? Did you separate the selling of the package from the selling of the custom work? Did you have some people selling the package and some people selling custom contracts?

Learn: We stayed with the seminar marketing because that was working. We came up with a newsletter that went out once a month. Usually there was a chairman of a company on the front cover.

Johnson: Who did this newsletter go out to? Customers? Potential customers?

Learn: Customers and prospects. It had a distribution of 2,500. So that was another way that we got leads. We would go out with a salesman who would make the initial call to scope out the situation and then we'd go back with a second call targeted toward their needs.

Johnson: I presume that when the salesman scoped it out he would determine whether this was a case where they could use the package or if they needed a customized system. How much were you selling the package for when you sold it as a package?

Learn: I think it was \$49,000. The prices that the big systems consulting firms get today for personnel systems are amazing.

Johnson: Hundreds of thousands?

Learn: Millions.

Johnson: Millions?

Learn: Millions for personnel systems or human resource systems as they are referred to today.

Johnson: I suppose, considering the amount of record keeping that people have to do these days, they can probably cost-justify that pretty easily in terms of what they'd have to do if they didn't have it.

Learn: The first company to break away from our prices was Mobil Oil. All of a sudden we were called in to help them but they had their own team and they had a \$16 million budget to put together a personnel system. We couldn't believe that anything like that was even possible. And we kept on thinking, \$49,000?

Johnson: There's a gap there that we should be able to do something about, right? That's interesting.

One of the things that I ran into in the very early days was that prospects hadn't budgeted for software purchases. I founded Argonaut Information Systems in 1971 but there was a predecessor company so I've been in the software products business since 1969. And a big problem at the beginning was that there were no budgets for software. A prospect might be very interested but then they'd say, "Okay, we'll put in a budget request. We'll call you back next year when we have the budget." In the meantime, you know, I'm trying to feed myself right then and there. You're nodding as though that was your experience, too. At what point did you see that changing, where people began to budget for it first and then go out and begin to look for the

vendor to provide it? What was the time frame when you saw that switch so that a company like Mobil would have a \$16 million budget?

Learn: That was later on. That was actually in the late 1970's. But I don't know, because with the seminar approach we were contacting a lot of companies and getting a lot of interest generated. Even if a person didn't come up after the meeting they'd go back to their bosses and say, "We've got to have something like this. Let's put it in the budget." We started getting people calling back that we had called on the year before. But there were very few one-shot sales, one-call sales.

I had one myself, Revere Copper and Brass. Those are always memorable sales. I went down to New York City and the chairman invited me in and said, "I don't have too much time to spend so tell me with this is all about." So I told him. He said, "About how much does this cost?" I said, "For Revere, probably \$150,000." He said, "Well, that's fine. We'll buy that."

Johnson: And you were just as glad he didn't have too much time to spend because he made a decision right then and there. Yes, that's memorable.

Learn: He called the vice president of personnel and said he had decided to go ahead with this.

Johnson: Oh, that's great. About how many salesmen were you employing during this time, working on these on-going relationships with the prospects before they would finally say they were ready to sign the contract?

Learn: Oh, maybe twenty.

Johnson: Were their territories geographical? Were the offices you had around the country primarily sales offices?

Learn: No, no. They were programming and support also. I always used to preach the Centurion concept, about the only thing I remember about Roman history. A lot of companies tried to set up branch offices that failed but what we did is we took our senior people, our Centurions, people who really knew what the business was all about and we sent them out to run the regional offices. Phil Morgan went out to head up the California office. Lindy Lindeman went down to San Antonio, Bill Berry went down to Florida, and Alice Pearson out to Chicago. They were our Centurion group.

Johnson: So, each branch was really like a scaled down version of headquarters.

Learn: Right. Then they'd come in once a month for a meeting and reports.

Relationship with IBM (continued)

Johnson: Let's talk a little bit about unbundling since it was such a big issue. It sounds to me like during that period in 1969 and 1970 when unbundling was becoming a reality that you were already pretty well-established as *the* vendor for human resources systems. Is that correct?

Learn: Yes.

Johnson: And that IBM wasn't really providing any significant level of competition to you.

Learn: No, but there was an incident. We had developed a reporting system. I guess today you might call it a search engine. It was called GRS, General Retrieval System, which enabled people to simplify the whole process of getting information out of their systems. We decided to market it as a standalone product for a base price of \$10,000 and we had a big announcement. And right after that IBM came out with their announcement about GIS and GIS was going to be given away. This was before the unbundling.

So, I got on the phone and called one of the people I knew, Archie McGill, one of Watson's assistants, and I said, "Hey, you're going to wreck us with that product." "Gee," he said, "we don't want to do that. Why don't we have a meeting?"

So, they came right over. They bent over backwards to come over to meet with us. We were in New York City at the time. They said they really didn't want to harm us in any way and they pulled it back. I don't know if you remember that announcement. It caused a lot of head scratching in the industry.

Johnson: That's very unusual.

Learn: Yes.

Johnson: Do you attribute that to the fact that you had a relationship with IBM?

Learn: Yes, and that I knew a few people. They knew who all of us were.

Johnson: Did they take it off the market entirely then?

Learn: They took it off for six months.

Johnson: Interesting, because the stories usually go the other way. What people tell me is that IBM was always very open to meeting with the independent software vendors and they would be gracious and listen carefully and be very sympathetic but they wouldn't change their strategy a whit.

Learn: Back in that time when I was going to the ADAPSO meetings, I would listen to what those other guys would say about IBM and I wouldn't say anything. They were real nice to us.

Johnson: Well, that's good. Did you get any sense that they were beginning to appreciate that software pulled hardware sales at all at that point? Is that why they were being nice or was it based on personal relationships?

Learn: I don't know whether I thought very much about it.

Johnson: Generally what everybody says is that it took IBM a long time to really begin to perceive that software vendors were to be protected because they create a demand for hardware resources. They thought of it the other way around.

Lee Keet [founder of Turnkey Systems, Inc.] talks about how CICS just wiped out the market for their product Task/Master. To this day he talks about what great respect he has for the IBM guys and the way they conducted themselves in the meeting to discuss this problem but the bottom line was they weren't going to give an inch. But they probably saw CICS as much more strategic to them. They really saw that was a critical software product to them, so they weren't about to give an inch on that. TSI had to find other products. Task/Master was gone as a result of that.

There is so much myth about unbundling and about IBM's attitude. It's just fascinating when you get down to the actual incidents that occurred.

Learn: Well, they had their own learning curve too but it was not even a factor for us.

Adding a Payroll Product

Johnson: At what point did you bring a payroll system in? Did you develop it yourself?

Learn: No. What I tried to do was to really understand what technologies were coming along and what we had to do to stay on top of them. So, we got into things like mini-computers. We had a relationship with Microdata helping them sell their boxes and putting the human resources system right into the personnel department.

We added payroll because IMS was coming along and we couldn't spend the kind of money that would be necessary to develop an IMS-based system. So we approached The Williams Company. The Williams Company had developed an IMS-based personnel/payroll system. We knew that because we had done some consulting for them on the personnel part.

We entered into a licensing arrangement with Williams and then began to sell an IMS personnel/payroll system. That was a tough learning curve for our people because we hadn't been involved with payroll. It wasn't a very important part of our strategy. It's just that some companies wanted that.

Johnson: I remember so clearly when you approached me at an ADAPSO conference about the idea of using our tax routines and licensing them from us. That had never occurred to me prior to that time but it worked out so well that that became a major strategy for Argonaut Information Systems.

We ended up doing a lot of relicensing of the whole payroll system. We had more systems out there under somebody else's brand name than we had under our own. It worked out great for us. We had ported it to the HP3000 platform. And I'm always pleased to say that in the 1978-1981 timeframe there were five companies in the US that were selling a payroll for the HP3000 platform: Argonaut, Collier-Jackson down in Florida, Software International, ASK and HP. It was all the same payroll. The basic code was ours. The difference was in the packaging. They would put their own brand on the documentation. They would provide different interfaces. ASK had an interface coming out of their manufacturing system into payroll. Software International added an interface out of the payroll into their general ledger. And so on.

I use this as an example in talking about what a software product is, that it's more than the code. The customers had a genuine choice between the features offered by these five different companies but the code was all basically the same. Any programmer looking at the source code side by side would have said, "What's the difference? It's all the same."

So that turned out to be a really good strategy for us, at least for a while until things got to the point where even applications like payroll required an online user interface instead of being strictly batch. So that was a really important point in time for me when we worked out that deal to license the tax routines to you because that then turned into a great strategy for us in through that period of the late 1970's, early 1980's. I don't remember exactly what year that would have been—mid-1970's sometime—but obviously you had a payroll system then because you were looking for tax routines to plug into it.

So, then what happened? When did you actually get out of it? What happened to InSci after that?

Western Union's Investment in InSci

Learn: Well, there were several significant relationships that were part of InSci's history and one of them was in the very beginning. When I talked earlier about having all that publicity, Western Union was one of the companies who came and said, "We want to acquire you. We want to establish a relationship because our chairman, Russ McFall, has a vision of a national network." He was envisioning a system like the Internet. He was quite a visionary and I got all excited about it. They had invited us down to their headquarters and he had a whole floor of these big Univacs sitting there and he kept telling me, "Now, Dale, we're going to put your system on these Univacs and it will be accessible by telegraph from every company in the whole world." Wow!

Johnson: Wow! Indeed.

Learn: "And our people will go out and sell it to companies. All you'll have to do is keep it running."

Johnson: Your job was going to be to go in the office, open the mail, deposit the checks and go home, right?

Sale to CPC International

Learn: Oh, yes. So we took the money. We were responsible for building the database of candidates to go on this thing. We went ahead with that program and were spending Western Union's money piling the people on the database. The problem was that Western Union couldn't sell it to the companies. It went on for quite awhile, most of 1966 and 1967, and finally I announced at a board meeting one day that this wasn't working and I wanted to get out of it. They said, "Well, we put all this money in. We've invested over a million dollars." So I said that I'd find a buyer to buy them out because we had already been approached by a potential buyer.

The National Association of Manufacturers was doing a study of entrepreneurs. Dr. Bennett Klein, the EVP, was doing the study and he was fascinated with InSci. So I went back to him. In the meantime he had left NAM and joined CPC International. It was Corn Products at the time and he had sold them on a strategy of diversifying out of the food business into technology because that was the wave of the future. In the period of time that he was there, they acquired forty-eight companies, small software companies, educational companies, training companies.

I went to him and said, "Here's an opportunity for you to get involved with us." So I went back to Western Union and said, "Look, I found a buyer. They'll pay off every dime that we owe you."

And they ended up the meeting saying, “If he can do that, why don't you see if he can sell the whole Western Union business for us.”

Johnson: *(Laughter)*

Learn: Anyway, then we made the deal with Corn Products and it was a case of making too good a deal from our standpoint.

Johnson: Oh, really?

Learn: My lawyer at the time was Henry Kohn. He used to say afterwards, “Whenever I really feel depressed, I pull out the Information Science / Corn Products Agreement and I look through that. It just brightens up my day.”

They offered us an earn-out arrangement, a million dollar company loan based on just a verbal agreement, an unlimited interest free loan with justification. They set up relationships with Chemical Bank so that we, the founders, could personally borrow money interest free with no payment on principal until our stock was sold. It was based on the amount of stock that we had.

Bingo!

And so, at that point, all four of us went out and bought these huge houses. My wife and I bought a beautiful estate in Westchester County. Anyway, that was pretty smart of CPC because we were buying these houses for cash, no borrowed money. Later on, that became one of the ways that they had us by the throat.

Johnson: Oh really?

Learn: Yes. It started off, you know, as one of these great relationships. They were going to pay us fifteen times earnings based upon the last year or the average of the last few years earnings and it was cash. At that time, fifteen times earnings was a huge number.

Johnson: Were they making deals like that with all these companies they were acquiring or did you just have a really good lawyer?

Divestiture from CPC

Learn: I don't think it was with all of them. Most of them were fairly naïve, recent start-ups run by techies. But, anyway, they invested a lot of money. The relationship went into effect

January 1, 1969 and it was a ten-year earn-out to run through 1978. Well, in 1976, Mr. MacFarland, the Chairman and CEO, retired and Jim McKee, the CFO, took over as CEO.

And he said, "What are we doing with all of these companies that we don't know anything about?" The CPC board agreed to divest all the companies. If you have ever seen how these huge companies make a decision like that, how they behave, it's unbelievable. It's mindless. No matter what, they just dumped all these companies. Most of them went under but we were profitable. I mean, we were sailing. I expected InSci to become a major US company. When they approached us about what they were going to do, I said "We've got a contract that goes through next year. We're making money and you can't violate the contract." They didn't like that—it was pretty naïve on my part.

Soon after that we had a Users meeting in Florida. I was in Ft. Lauderdale on the beach with my family and this call comes over the PA system, "Mr. Learn, you have an urgent call from New York City. Please come to the nearest phone." It was my attorney. He said that an attorney from Lord, Day & Lord was inspecting all the books and records of the company. This lawyer told Henry that CPC was trying to find a way to breach the contract. He told our lawyer that—the opening shot in a nightmare of intimidation.

Johnson: Just said it right out.

Learn: Yes. To make a long story short, here was this gigantic multibillion dollar corporation that was going to have their way no matter what. They made false accusations of impropriety and they used the houses we had bought as leverage and said, "Look, if you don't do this, we're calling those notes now." It really put us into a bind. We scrambled to find another buyer.

In the course of work down in the Southern Division, Bill Berry had run into Ed Mitchell, the astronaut on Apollo 14, and Jack Hight, who had been with Ross Perot at EDS. Jack had cashed out early, had been retired for four and a half years and was bored to tears. Jack was a big handsome outgoing Texan. He said he'd buy the company but he didn't want to go into it all by himself, so he got Ed involved and some other investors from Detroit that he really didn't know very well. We introduced them to the people at CPC and one thing led to another. They ended up acquiring the company with much of the debt financing provided by CPC. I mean, if they had given us the same opportunity, we could have done it, but they didn't. CPC did buy enough of the founders' stock to pay off the Chemical Bank home loans.

So, anyway, Jack put up the majority of the money. The guys from Detroit put up quite a bit of it but as soon as they got in, at the very first board meeting, they stripped out \$550,000 cash we had in the bank and put it in their pockets. I said "You can't do that. We won't have any money to operate on." They didn't care about that.

I was supposed to be president of the company but one of the things that I didn't realize in the contract was that I could be promoted. So I was promoted to Vice Chairman with nothing to do and Jack took over as CEO and, of course, he had been playing golf and tennis for four and a half years. He really wasn't on top of what was happening in the industry.

Johnson: How long had he been with EDS with Ross Perot?

Learn: Not really that long. He cashed out with megabucks. He got out when Ross Perot was putting all that money down on Wall Street to bail out DuPont.

Johnson: So he didn't have the kind of track record that he really needed.

Learn: No, and I don't think he ever had any significant management job when you get down to it. At IBM, he was a salesman. And he was Lyndon Johnson's assistant. And then when he was with EDS, he was supposedly president of their Federal Systems Division, but there he was making sales calls on the government using his contacts.

It was so painful to sit there and watch him. He kept saying that when he was at IBM, IMS was the major database that everyone would be using. He said, "We are not committed to a large enough IMS program." I had always gone to those ADAPSO meetings and got their very useful operating ratio survey reports because with earn-out agreements you have to be careful that you're not distorting the profit. So I was always very careful to spend on R&D just exactly what the rest of the industry was spending so nobody could criticize me for that. Anyway, he comes in and says, "We're going to double our R&D and pour all the money into IMS development." We already had the system. He wanted to be a little bit different.

Right before I left, I had started reading about these guys out on the West Coast who were building these tiny little computers. I thought, "Boy, that is going to take off. That will be the ideal thing for these personnel people who are so paranoid about people seeing their stuff." So we started a development project on microcomputers. That was one of the things that the new management said was nonsense and told me to dump the project. I'm not very good at having my ideas rejected.

Then I made a recommendation that was also rejected. Tom Brewer was a vice president of InSci and he had been in charge of the Mobil contract. He was and is a very talented guy. Tom was my choice for president, COO of the company, but Jack went against my recommendation and selected a guy who was very bright but didn't have the HRS experience. Jack made him president of InSci. That was just another thing that drove me crazy. So finally I went to him and said, "This is intolerable. I have to get out of here."

Johnson: And he didn't object to that at all?

Learn: I prepared a resignation letter giving me the right to take any InSci employees with me to start a new company. He just signed it and that got his investors angry. I had my tongue in cheek, but he signed it.

Johnson: I assume you were expecting him to come back with some kind of negotiation but he just signed it.

Career After InSci

Learn: Yes, so that led to my leaving. I got a six-month sabbatical and spent that time putting together a business plan. I really wanted to get back and take another shot at the computer job-matching application. So, we put together a company called Humatics. It was a short-lived development company financed with an R&D tax shelter but its purpose was to develop a universal general database system.

We raised three million dollars and put together a team of programmers and systems people out on the West Coast and set about developing this system. When the development portion of it was completed, we put together a marketing tax shelter and did some test marketing to validate the market. We wanted to get back into personnel applications, starting with the resume system, but we had all kinds of things laid out very similar to the internet today. We did the test marketing under the name CareerSystems. Development was done under Humatics. We merged the two companies and created a company called General Database Technology and it went public.

Johnson: What time frame was this?

Learn: This was in 1983. But, anyway, my biggest mistake happened at that point because I didn't realize how long it took lawyers and investment bankers to do all the due diligence work. In the time while they were preparing for the IPO, we had spent our money and we needed some money to bridge over to the public offering. I had two guys recommended to me that would put up the money—they were consultants to the Rockefeller Group, had their own company, The Personnel Corporation of America. They seemed legitimate. They had all kinds of conditions to providing the bridge money. We went along with them and put them on the board and they put up \$500,000 to bridge us over. We then went public and we rolled out the service, the CareerSystem, and it was a boomer. I mean, had we been able to continue it, we would have certainly been the country's leading job matching system.

Johnson: Who were you offering this to? Was it individuals?

Learn: We worked both sides, individuals and corporations. And we marketed to the individuals through a brilliant, I must say, direct response scheme that an advertising guru came

up with. We were building a database on a cash flow positive basis which was absolutely a revelation because our previous experience was far from that and everybody else that had attempted it always went down because they couldn't sustain their database buildup. So, we had that side covered and we used authorized reps out in the field that went out and sold to companies, plus some of our own salesmen. The curve was just about on a 45 degree growth rate. We were just really taking off.

This is kind of an interesting story. Phil Morgan, one of my partners who has since died, was a very conservative sort of an operations sort of guy. You know, "Show me the money. Let's see it before you tell me about all these dreams." But we had figured out that we were going to run this first week's worth of ads and what the response is going to be. And he said, "There's no way that you're going to get that kind of response."

So, we weren't too well set-up. He wasn't really ready. He had fourteen or fifteen keypunch operators lined up but not really onboard. Anyway, we ran the first week's ad and the mail just kept coming. The mail trucks kept coming with these big bags of mail. We didn't even have any place to put it. We had this one empty room and they kept on coming in and just dumping the mail in this room until it was just about up to your face. It took us about six or eight weeks to get out from under that whole mess. Then we started to really click and got our response rates exactly where we said they would be.

Meanwhile, we were ready for our second public offering. Well, in come these two outside directors and blocked the offering. They conjured up their own stories as to what was really happening. We were, of course, in an overall negative cash flow position but all the indicators were that this thing was going to really take off. And I think they knew it but they went to the board members and the underwriter saying that this was a disaster, that this company was just going to go into the tank and they weren't going to be part of any public offering. Of course we needed every director to sign off on the public offering. So they ran us into the wall and then they took it over.

Johnson: Oh, no kidding.

Learn: It was an awful period in my life. The worst part of it, I think, was the fact that my partners of twenty-five years got sucked in. They were promised that their salaries would be doubled and they'd have all this authority. Of course, knowing the character of the people, I knew that wasn't going to happen, so when the final board meeting was held I was the sole dissenting vote. They bought it for practically nothing. I lost my dream and, for dissenting, my partners.

They, of course, never did double salaries and they didn't have any vision as to what this business was really going to do. One of the guys, David Meredith, was a PhD from MIT in

Organizational Behavior and he was really setting everybody up against each other, in the process destroying the relationships that existed for years.

Johnson: The things that really make a company go.

Learn: We learned too late that Dave and his partner Jack Lederer were indicted by the Federal Government for fraud, pleaded nolo contendere, and paid a huge fine in lieu of prison. They had a sordid record of conning companies that ended up as a front page expose in the Wall Street Journal.

They took it over and they really didn't know what they were doing. They put a brand new MBA in charge of the company and didn't pay much attention to it and two years later it went bankrupt. I bought up all the assets from the bankruptcy court but then, you know, it had too much stigma attached to it. The venture capitalists couldn't buy the fact that it was going very well when I was CEO. Then why did it go bankrupt?

Johnson: That's a shame.

Learn: Yes, that was really a shame. But then after that I worked for a year for an inventor friend of mine. He invented and patented a new type of flat panel display technology and went public to get funds to make it work commercially. He had also invested word processing, had a joint patent with Gene Amdahl in supercomputers, patented the variable space printer and so on. So that was really interesting for me to get back into engineering with such a creative guy. I got back to problem solving and made the thing work. My friend, who had a new idea every 20 minutes it seemed, discovered that there were books overwritten in code in the Bible so he dropped the flat panel business to devote all of his time to breaking the code and translating the books. I decided to move on. I'm sure you know some of these creative geniuses.

Johnson: Sure do.

Learn: It was time for me to get out of there. My wife Joan had always been interested in outplacement. She had invested in an outplacement firm in New York City and when the entrepreneurs there started to fight with each other, she took over as Chairperson. So she knew that industry. She had always been supportive of me in all these things I wanted to do, so I said I would support her and the two of us went into business together. We started the Greenwich Group in Greenwich, CT in 1986. It was a unique outplacement firm in that we offered computers for every candidate and entrepreneurial counseling as well as job search. We received an offer in 1994 to be acquired by a large regional firm and we accepted.

Johnson: Didn't InSci go through another set of investors or something after Hight?

Learn: Oh yes, it went public.

Johnson: What happened with InSci then before it finally gave up the ghost?

Learn: Well, Jack finally came to the conclusion that he couldn't run it and he brought in Leo Kornfeld. And he brought in some good people.

Johnson: Right.

Learn: Anyway, with Jack's persuasive ability and his resume, he was able to get Wells, Carson and Anderson to put in some money with the promise of going public. InSci went public. They lost the focus on the human resources systems opportunity. They blew through the public money so fast that it would make your head spin. And so it just kept on being pared down and then finally Computer Associates came along and said, "You guys have a fantastic maintenance revenue base here." They bought that asset and InSci ceased to exist. PeopleSoft took over the HRS market and built the business that I had planned to create.

Johnson: I didn't know that it ended up in Computer Associates. Like everything in the industry. What year was that?

Learn: That was in the late 1980's.

Johnson: Well, that's really interesting. It's fascinating how InSci went through so many permutations and so many up and downs and then, like so many other companies, its major asset became its maintenance revenue stream and so it ended up as part of Computer Associates.

Thanks, Dale. I really appreciate your taking the time to recap all of this for me.

Learn: You're welcome. It's been fun.