Oral History of John Scull, part 2

Interviewed by:
David C. Brock
Hansen Hsu

Recorded August 10, 2017
Mountain View, CA

CHM Reference number: X8211.2017

Brock: Well John, thanks again for joining us, and we thought we could begin by asking you to just recap the sort of scene at Apple in 1985 that immediately preceded the work that would lead to the desktop publishing business at Apple, if you could take us back there, and what was going on for Apple with business, the business sales and software and the LaserWriter and where you sat.

Hsu: Do you want to—start with the date and the...?

Brock: We can. It's August 10, 2017. It's David Brock and Hansen Hsu with John Scull. So yeah, if you can take us back into that picture.

Scull: Yeah, so at the beginning of 1985 - that would've been when we officially introduced the Mac Office, was the way we were presenting the combination of the Macintosh and the new LaserWriter printer, and that got launched at the end of January. We typically back then were introducing things in January because we had done it the year before when we had introduced the Macintosh in January '84, and it was introduced with a fair amount of fanfare. We were very hopeful, as a company, as the Mac division which I was a part of, but it did not really do that well. It was accompanied, launched with the "Lemmings," TV ad—which was the famous follow-on to the "1984" ad. It did not do very well.

Brock: <laughs>

Scull: The Mac Office itself really didn't deliver on the promise because we were pretty light on software. It—the LaserWriter was essentially viewed by many people as just an expensive shared printer because we really didn't have any unique things to take advantage of it at that point. There were minimal graphics products. The whole notion of desktop publishing didn't exist. There was one product that was sort of available called MacPublisher but it wasn't a WYSIWYG editor, and it had some bugs. It was an early version, let's say, but the bottom line is the whole positioning was this was going to go into mainstream office to go compete against Microsoft and IBM but we didn't have the software, really, to do it and the cost structure. So that was basically it—the launch was through springtime of 1985. The Mac sales were not doing great. There was just a lot of pressure on the company, a lot of pressure on the Mac division, a lot of pressure on Steve [Jobs]. It led to a lot of turmoil. There was a lot of political turmoil inside the company because, let's face it, the Mac just wasn't doing that great and the LaserWriter was not any savior. It had gone from, if my numbers are correct, February when we first pushed the product into the market, we sold 2,000 units. And it went from 2,000 units to 1,600 units the next month to 1,200 units the next month to 800 units the next month to 400 units the next month and that was basically the first few months. So it clearly wasn't selling through the channel, and so it was really a crisis. Though everything kind of culminated with the famous board meeting with Steve being removed as the head of the Mac division, then Mac division getting blown up. He ultimately left the company, and basically all the product divisions at Apple, which there was the Apple II, there was the Mac division, and there was the

peripherals division. I'm not sure if we had another division or not, but the main product divisions all got eliminated and instead we went to a one-product group. And we had functional areas in marketing and sales, which was consumer, education, and business. Many people from the Mac group left Apple at this time. I was asked to join the marketing group—join the business unit on the marketing side—and my task was to figure out how to get the LaserWriter sales going. At that point it was probably end of May or early June, right around then, when that all happened. It was myself and a summer intern, quite frankly, that had joined me to do something else. And so we took action quickly—it was my responsibility to figure it out and so I did what I thought was the right thing to do which was to go get smart on stuff as fast as I could. And I believe software drives everything in the personal computer world and that's the key to it. So the first thing I did, is I went and talked to anybody in software companies that were doing anything interesting, uniquely taking advantage of the LaserWriter, and so that led to a lot of discussion with the graphics people and this new category of software that became known later as desktop publishing. Page layout is how it was described because everybody had a different view on what to call it—publishing kind of got in there—but essentially we looked at that and then we went through a fairly quick decision process—Apple is in a crisis, sales were terrible, our stock, everything. It was just a crisis. Any time you have such a disruptive thing as that, you have the negative side of a crisis but also out of a crisis normally there is opportunity. I saw that very quickly after talking to a few folks—folks like Jonathan Seybold that had a perspective, the guys at Adobe who were obviously instrumental to the LaserWriter and PostScript, guys like Paul Brainerd at Aldus, Ken Abbott at Manhattan Graphics, and other people that were in the area and obviously our evangelism group—to just find out what was going on and so very quickly saw that there looked like this could be a really compelling new use case, but didn't quite know for sure that it was going to be a big thing because it seemed like it might just be a niche. Nothing wrong with a niche, but it seemed like it might not be big enough to be something that Apple ought to get behind. So, by luck, Stanford has a publishing class, or at least they did that summer, and they had people from the publishing industry there and this was not just from the traditional larger firms but from smaller ones and from the graphic arts. They all came to learn and do this special class. I think it was a six-week-long class, if I'm not mistaken. And we knew the people there and so I got connected to the head of it and said, "Would you guys like to come to our campus?" and "We're going to demonstrate this new functionality that we think might be really compelling." So we brought in—I forget exactly—I think it was about 40 people. They came, we did a presentation and a demo of the LaserWriter, and I got guys from Adobe to give us some materials and we basically presented a beta version PageMaker, the Aldus product, and some really interesting things about fonts and showed them how you could do page layout on a computer and then print it instantly on to a laser printer. And people were all just blown away.

Brock: I just want to zoom in on that a little bit, and was the opportunity that you were seeing, that you didn't know, maybe it's a niche, maybe bigger, was this to be for people in graphic design, publishing of all kinds to do, in essence, like rapid prototyping, so that's to say working out a design or a page layout or something like that as just that, as prototyping before they would go into whatever the big, more laborious process was of printing?

Scull: Possibly. At that point, to be honest, I wasn't sure. I had spent, in my first two years at Apple, one of the years as the head of Marcom for the Mac division, which means I got to spend a lot of time with

advertising, our creative services group, and the PR group. So I spent a lot of time with and so I had some relationships in our creative services, which are our in-house group that does a lot of the materials, and so obviously they were a key input that I went to and said, "What do you think about this?" and they were already using and were familiar with the LaserWriter, obviously, because they had been doing work to support the Mac Office launch and all the collateral. And so that was a very helpful—and as we brought in this other group, we were trying to figure out just where it would go. Is this something that was just going to be for kind of prototyping and concept, or is it actually going to be for final product? And what we found when we talked to a variety—and we did this all in six weeks, okay? This is because we knew we had to do it quickly—I mean I knew that this is the summer. The way Apple worked is any major program that if we were going to launch—since we are at that point very dealer- and retail-focused company and we sold only through dealers—we had to have a program in place by September at the very latest or else we were going to miss the rest of the year. So if we're going to introduce any new training, any new program for our dealers, we had to do it really fast. By the end of August, we had to be done, right? so— and this all started in early June, so that's three months to figure out what we're going to do and then do something, and so—and I figured it was kind of either now or we were basically going to lose a major season. And given the company crisis, given the opportunity and my personality—I'm not one to sit around—we did that and did a quick and dirty analysis of how people reacted and that was like wow, you could just see that they really bought it, that this was very, very compelling. And the more I understood about it you could see how it compared to the way you did things traditionally, the cut-and-paste way that people were producing brochures or newsletters or things like that, this could just transform that. So at least at the lower level, maybe not the high-end book publishing and magazine publishing or newspaper publishing but a large swath of publishing material, this was going to be a really good fit. And once we instinctively felt that—and you get that from talking to people that are really smart—then we did a quick, "Okay, now we got to come up with materials to help our salespeople find those kind of customers using our marketing materials and advertising and PR, to target those kind of people." So then we started to work with and put together a marketing plan and then that culminated with launching in—I think we officially launched in October, at least from a public standpoint, Apple's Desktop Publishing. we put together a dealer training program and we did this in conjunction with Adobe, with Aldus, and our internal team as the kind of the heart and soul of it, of the key software.

Brock: Was that you knitting together those pieces to get ready for that launch?

Scull: Absolutely, absolutely. Now—no, it was not all just me. If it wasn't for the fact that I had some really sharp people at Adobe that were willing to help—the folks at Aldus were fantastic. I came to the conclusion that of the software products that were there, and there were three candidates: the Mac Publisher, Manhattan Graphics, and Aldus, that of those three that I thought the only one that really could kind of walk the walk at that point, that had the resources, the kind of the vision, and the capability at least to launch with, was going to be Aldus and so—and I didn't want to have too many. I wanted to keep it a real simple message because, mind you, we had to train a dealer-sales organization that knew nothing about this, right? And so we had to keep it very simple for our own salespeople and then the dealer salespeople. We restricted the program too—we kind of tried to make it exclusive, 150 dealers were all that were going to be trained in the first phase of the program. So we had our field sales guys pick and

work with who they thought were the best dealers that could actually handle this, that were committed to the training program that was needed, and then we rolled out a program to do that, to train them. I can get into more details about that if you want but essentially that's what we did and then we supported it from air cover which was mainly through PR and some advertising and obviously collateral materials.

Brock: I would like to hear more about that because it's interesting to me because you're essentially—it seems to me the key problem that you're trying to solve here is to educate the users to do something with computers that they hadn't done before so it's like selling a new area of activity, if you will...

Scull: Correct.

Brock: ...is what it sounds like to me and that is—I think that's just an interesting—that's an interesting situation to be in where you're educating, you know more about what the customer should be doing with technology than maybe they do, which—yeah.

Scull: But it's not a whole lot different than other earlier situations. If you look at the history of personal computing, VisiCalc, which then later became Multiplan and later 1-2-3 and Excel, it was a spreadsheet. Well, people were already doing calculations. They were already doing kind of the fundamental equivalent of a spreadsheet. They were just doing it manually with a calculator, and so when you showed people a more automated way of doing it, it was very intuitive, very simple. Word processing, people typed on typewriters and so when you had a keyboard and a typewriter—and a word processer and guess what, instead of doing White-Out you can backspace <laughs> and—heaven forbid—you can later cut and paste, it's just very intuitive. So, the same thing when you came to desktop publishing. People were already doing either—producing word processing documents and then having to cut and paste it and put a picture so that they could form their own layout, but it was very cumbersome. It was kind of the— analogous to what people had to do with spreadsheets before. It was very cumbersome, so when people saw it, it was extremely intuitive and it was very straightforward, and the beauty of it and why I think it kind of helped go quite fast is most people that are in the press back then, everything was on paper. Online wasn't really here, so everything was into magazines and to newspapers or newsletters. Well, they kind of were pretty aware of the issues that editors have to do to cut and paste and get things in—to get their articles to fit in certain layouts, so they already had a really strong knowledge of it. So it made it really easy to talk with the subset of reporters and editors that were interested in the space. They got it <snaps fingers> instantly. It was really easy, and then it was really easy for them to be very enthusiastic about it because they could just—they could feel it, right? They had a lot of empathy for our customer because in a way they were or people in their organizations were potential customers.

Brock: Got that.

Scull: So, it made it quite simple because the products were really good. The price point was good—would pay for itself in—oftentimes it would pay for itself in three or four months, right? So this had a terrific ROI for the business, especially for the professional user, and so it was just a fairly straightforward—it was kind of what I consider kind of the Big Bang. They're all kind of—they're all coming together. You had a great product at a great time. The people that were communicating it were understanding it. There was crisis in the company, so our sales guys were looking for a winner. This was a winner, and people like to be part of winners. So, everything kind of came together nicely and that's part of why it just really took off.

Brock: I see. Well, maybe we could—maybe we could talk about some of the preparations and things that you did, you know, for that launch and then—and then the reaction, and then if you could describe to us how people sort of focused in on it and what were your signals that hey, this is—this is kind of meeting our hopes.

Scull: Well, it probably started with even in the very early days—before we had actually launched. We showed it off, like I said, to focus groups. We actually did some focus groups, we did some informal ones first with our internal guys and then the Stanford publishing class. Then, that led us to have enough confidence that this might be real, and we wanted to see how big and to whom. So we got different segments of people from different kind of verticals—whether they're graphic arts or whether advertising or whether corporate tech doc people, etc.—so we got a variety of people to come to formal focus groups and that helped us refine it. That was also where we figured out what the name was going to be. as I was going through the initial investigation, that first six, eight weeks, the guys at Aldus liked "desktop publishing" as the name. I'll get it mixed up, but the guys at Adobe liked another name and Jonathan Seybold liked yet another name. They were all either "professional publishing," "electronic publishing," "desktop publishing." "PC publishing" was another one, but I did not want to call it "PC publishing." I made that decision. I wrote that off because I thought we were so far ahead of the PC, the Microsoft-IBM side, that I didn't want to have anything that could get stolen like what had happened with the IBM PC. The original PC was the Apple personal computer and yet—next thing you know IBM came out and the IBM PC became *the* PC, right? Apple was an afterthought. The PC was the IBM PC and we were the Apple, right, the Apple II, not the PC, and so I didn't want to risk that. Whatever this category, I didn't want it to get usurped so I wanted it to be distinct where it was a new category. And since we were so far ahead—I thought we had at least two years' but probably three years' head start so we could really establish ourselves. So that was one gone. The other ones I wasn't sure about. So we went to our focus groups and for the most part the target group that we were going after, which was not the ultra-high-end because we didn't have a product for them and we weren't going to have a product for the ultra-high-end for probably three to five years, didn't like "professional" or "electronic" as well—bottom line is when we did all the ranking what came out the most, the best, was "desktop publishing." They thought it was comfortable. It did the "publishing" which was high quality, but the fact that it was "desktop" implied that it was theirs. It wasn't just "personal" because you're sharing part of the system, right? Because the general view is if you're going to buy a $7,000 laser printer probably it's not just for one Mac, but it was going to probably be for two or three. It was going to be in a small workgroup, and so we wanted to be "desktop." We didn't want it to be "workgroup" because that seemed too big. "Professional" didn't seem right. "Electronic" didn't seem too personal and plus Xerox was doing "electronic publishing," and I'm like, "Don't

want to go there," okay? So we wanted to create our own category and since personal computers were also called "desktop computers," we felt that that was a good place to go. So we ended up going with that as the category name because we knew whatever we decided—since we were going to be doing all the advertising and the major PR and the dealer push—whatever name we gave it was going to be what the category was called. So we did that and that's how we launched it.

Brock: And could you describe what happened right after the launch? What was it like for you? Were you watching sales reports come in afterward or...?

Scull: Sure, sure.

Brock: You know, what was that...?

Scull: Sure, you do all that.

Brock: How did you experience that?

Scull: Yeah. Pretty confident it was going to be a big success. I remember very early on in the first marketing plan I put together I said, "This is going to be a billion-dollar business here within three, four, five years. This is going to be big," because you could just tell. Anybody we showed it to that was a qualified prospect goes, "Wow, I would like one of those," right, and so to me it was now a question of did we have the sales and marketing, did we have the distribution and the communication to attract the people so that they could go get a demo. Because if we could get people to get hands-on and get a demo, one, we were going to sell Macintoshes but we're likely going to sell the full system because this is really compelling.   So it was a question of making sure our channel didn't screw it up, that we got people that could talk articulately about it.   So we got our field-sales organization trained—especially the guys that were really the go-getters. They were into it because they're looking for a winner and they're early adopters, right? And so picking them was key—and getting them to self-select and getting dealers to self-select – the early adopters willing to try new things was really key. And then in the field we had field marketing specialists and business development specialists. Those were Apple people in all the seven regions that we had. There was one in each, and I was able to work with them. They didn't work for me but I co-opted their energy to support this program, and one would help from being more of a subject matter expert. The other one was more expert on marketing promotion and how to attract customers and how to put on seminars and things like that. So we put together all the materials to help them do that and all the training to help them do that and then they managed their dealers to actually be successful. And so my job was the Desktop Publishing Marketing manager. I had a virtual P&L for that area, like a product line manager at a P&G—and so no one reported to me but I had the budget. I could direct Marcom, advertising and PR. I could strongly influence pricing, which was important. I could direct training programs and materials and then I could work with sales to make sure that they did a good job of

selecting the appropriate, qualified dealers. so that was my job. That's what you do as a product line manager, if you think of it that way.

Hsu: I have a question. So why was this program—this push by Apple so critical? In the absence of this, what would have happened? Would Aldus—Aldus still would have had their own marketing, right?

Scull: Yeah.

Hsu: But why wouldn't it—why wouldn't this have taken off without Apple's major push?

Scull: Well, we don't know if it would or wouldn't, because all we know—having been on the other side <laughs>—when I left Apple, I was CEO of a software company that worked closely with Apple as well— is it sure helps to have the big brother that has the resources to drive it because everyone pays attention. It was not hard for me at Apple to get someone from a magazine to want to come interview and learn about stuff, or to give a talk to. If we host a seminar we're going to get 250 people to show up, not 25 or not 3. It's just—we could do it at a scale, and we had the image, the brand, the wherewithal, and so I think it goes a long ways to really providing the kind of the impetus to really be successful—comes from that. It was a time of crisis for Apple. What would have happened with Apple if desktop publishing hadn't come about? What would have happened to the Mac? The Mac was not doing well. It—the software—we just didn't have the breadth of software yet at the mainstream business level. Excel didn't come out really for another year, and it was really two years later before it was really good. <laughs> Word was there and it was taking a while to get it good as well. But we just had didn't have a lot of software, and meanwhile the IBM PC had a lot of software and it was the de facto standard. We were doing reasonably well in colleges because we had done the Apple University Consortia. The Apple II was doing well in K-12 but the IBM PC had basically taken over business and was then encroaching into the home where the Apple II had been relatively successful, but it was going there. And if the Mac didn't come in and establish itself the IBM PC would've probably ultimately, I believed, moved the Apple II out of K-12 as well and probably would've eventually taken us out of university as well. So we needed to have something that gave staying power to the Macintosh, and by luck—and I'll say luck, we launch Desktop Publishing. I'd give it more credit to Steve because Steve—without knowing about desktop publishing, Steve understood the value of fonts and graphics and WYSIWYG—What You See Is What You Get and cutting and pasting, all the things that were the fundamentals for next wave of computing, and it just happened that when you have that coupled with a product like the LaserWriter you have the foundation for what then somebody that understands the problem of publishing and the graphic arts could do page layout and that became a whole new category. So we in many ways were lucky—it was just the right place at the right time. My view is I stepped into a unique situation—all the basic embryonic material was there, but it just hadn't formed. It just hadn't hatched yet as something, but it was close and it just needed somebody to bring it all together at the right time. And I happened to be the person that had the opportunity to do that and I saw it quickly. It was self-evident to me and had the benefit of working with some really talented people, both inside and outside the company, to have a go and it took off like a rocket.

Brock: Does a moment stand out for you when you saw the rocket really take off from the pad instead of blowing up on the pad where you were like, "Wow, this—I'm right. It is happening"?

Scull: Yes, I knew it was the right thing when—we did the demo at the Stanford publishing class. It was just—I remember saying to my summer intern, Regg Jones was his name, and some of the guys from our creative services, "Wow, we have an absolute winner if we don't screw it up." I went to my boss and the guys in my business marketing group, and said, "This is going to be big," and they go, "Oh no, calm down." I said, "No, this is going to be a billion-dollar business," and they just thought maybe I was being a little hyperbolic, but I really, really knew it. And then this was reinforced again once we did our field rollout of, I think it was 10 cities, where we took a person from Adobe, a person from Aldus, and a person from Apple, and we split into two teams. Paul Brainerd was the head of one team and I had the other team. We had those teams of three people and we basically went and we trained dealers and our own sales people and our business development managers that were also attending. We went out and did a training over a one-week period, maybe stretched it a little bit more because we basically went city to city to city. <claps hands> It was exhausting, right, but it was really fun, seeing people's eyes—and these were salespeople—to see their eyes go "Wow." That was just further evidence. And then again when we got into the Q4 and we started putting on customer seminars. We spent money—most dealers had something called co-op funds, which is if they sell product they get credit which they can use for marketing and advertising. So we took advantage of those co-op dollars and some extra field marketing dollars to put on seminars where we would go get the customer to come and we would bring the dealers, then we would put on the presentation. The dealers would be there to follow up, and those early ones were, without exception, big successes and at that point we were like, "Okay, now it's just add water." It's really just stay with it, keep the quality high, and keep methodically increasing the number of dealers that are capable of handling it.   And then also evangelize to get more software because we didn't want to be just dependent on Aldus because you never know what could happen with such a small company. So at that point I got a guy named Doug Sleeter to become my dedicated evangelist in our evangelism group. He was just focused on desktop publishing products and so he and I would go out and talk to any prospective developer that was interested in graphics or doing graphics-type software to try to get them to bring it over on to the Mac.

Hsu: At what point did you see Mac and LaserWriter sales start to turn around?

Scull: Oh, almost instantly.

Hsu: Wow.

Scull: Yeah, almost instantly. I don't have the numbers but almost instantly. Yeah.

Hsu: Yeah, so you really knew this was working.

Scull: Oh yeah. Yeah, and then they just kept going up, going up. And at that point, okay, it was like we got through the basics. Now it's like okay, how do we start to really grow this? A $7,000 printer is tough, I wanted to get it under $5,000 very quickly, so that became the next focus. What can we do to get to the lower price point? Obviously volume matters to get the price point. My view is we needed to get the whole solution to be well under $10,000. Back then a Mac was $2,495, so we also needed to get that down to $1,995, and some more software. If we can get the whole thing to under $10,000 that's a magic price point, I thought, for small business in particular. So we then started to have to do the product marketing discussions and the "fun" discussions with finance as to why this is worth doing and how to forecast it. And so then you start getting into the guts of building a real business.

Hsu: So you had influence into the pricing, too.

Scull: Oh, absolutely. I didn't set it, but I strongly influenced—I was a very strong advocate, and it was myself, sales, and the product manager, Bruce Blumberg, which unfortunately didn't come to our session. but he, did it for, I think, for most of the first year and then he left and another gentleman named Brodie Keast came in.

Brock: And so that is just the balance between if you can lower the price we'll increase the sales, that's the balance and the, you know, balancing profits, sales, all of this.

Scull: Correct. You've got to be a business, too.

Brock: Yeah.

Scull: Apple, as you know, has historically not been the cheapest company. They're a premium brand, a premium product. And we felt we had a really strong position here, but that being said, you want to make money but you want to broaden your reach. Because my view is we had three years to establish ourselves as the de facto standard and if we could do it in two years instead of in four years, we were probably going to be in good shape for a very, very long time. And so, you know, I had a very strong view that we had to do that and we had to prove that we were successful, so then the software guys would also commit to us. The software guys were not committing to the Mac because they didn't think the Mac was going to survive. It was hard to change from doing, DOS programming to this object-oriented graphics program. It's different, so it's hard. Now, some loved hard. They liked the challenge, they were attracted to it, but others were, like, show me the business case. Show me that this is going to have a great installed base, right? Because people are conservative. And so we needed to show it was going to be successful. It's all self-fulfilling, right? A certain success breeds success, and it's increasing returns if you do it right. And so we were trying to establish that. And, you had to think of it holistically and I think we did a pretty good job of doing so.

Brock: How did—as it becomes clear that desktop publishing is a success, it's reflected in the numbers that it's turning around, you know, Mac and LaserWriter sales, I would imagine that within the company everyone would want to get on board and then externally other people would say, "Hey, this is something I really need to pay attention to." So I would be interested to hear you talk about, you know, how did that reshape things within Apple and when did you start to see competition coming that you worried about?

Scull: Well, two things. First, the effects—I mean, the first six months, with people inside Apple there were a lot of, "I don't know." But there was nothing else really going on, so I was kind of the only game in town. Nothing else was really working, at least in the business sector. In university it was still having, I think good success. But in the business sector, we were kind of it. We were the chance to do something. But people were kind of leery because it was a different way of doing it. You know, the head of product development [Jean-Louis Gassée], he thought it was stupid. He told me point blank that doing it was stupid because that's not the way Apple does stuff. Apple is a horizontal personal computer. We don't do vertical marketing and I nicely said I disagree and fortunately, others, including John Sculley, John Zeisler my boss, and Bill Campbell, my boss's boss, they let me do it. Okay? They were kind of nervous. They thought I was a bull in a china shop a little bit, to be honest, because I was a "You're either helping me or you're not, so if you're not, get out of the way" kind of guy. And, you know, I probably ruffled a few feathers along the way. But that all changed after it became very evident that it was successful. Most of the lead sales guys in our field, they loved it. They instantly got it. They were my biggest supporters and champions. And it wouldn't have happened without the strong support from our field organization. But once it became pretty successful, then, everybody, "Oh yeah, what a great idea I had." You know, right? And that's just nature. You know that. That's human nature. And so then it started to go. Remember, it started off with me and a summer intern, right? And then after about nine months it was pretty easy for me to get resources and at that point, I was a key part of anything that went on at Apple. Anytime we launched a new product, they always had me come give an update to the press about desktop publishing. Anytime there's any major anything, you know, I got to be part of that. So then the whole desktop publishing story got included in pretty much everything at Apple from a marketing standpoint.

Brock: And you were the sort of face of that to the press and the outside world?

Scull: Yeah. And to the extent that I could get John Sculley to be the face at certain events, I would always try to get him to give a speech, because one, it helped inside of Apple to have the CEO clearly articulate about desktop publishing but also talking about how it's this great thing. That helped inside Apple, but it also attracted and showed credibility to the outside world. And so I would do that. With big events, I would try to get him. With smaller events, I would do it. For any day-to-day press stuff, I was the point person.

Hsu: How much influence did you have on product development in the sense of, you know, getting the engineering team to do the Mac II, to incorporate color? Things like that?

Scull: That was already—most of the roadmap of the Mac was pretty much going, you know? I was a voice like others in the company for needing a hard drive, for just having a bigger screen, having some slots. I mean, doing things that were expandable because workgroup needed it and the high-end—the high end of the desktop publishing business needed it. But there were others that had the same input— like from the university guys. Because they needed—the science and engineering applications needed it just as much as we needed it. And so that was not that difficult. The price point of the LaserWriter and the features of the LaserWriter, expandable font sets, those were things that my group strongly influenced working closely with the product managers.

Brock: So was that the development of the laser printer and its technology was in some ways as important to you as what was going on with this line for the Macintosh? I mean, was the laser printer more important to desktop publishing than any other area within Apple?

Scull: Well, it's the enabler. You know, the Macintosh is obviously, the bread and butter. You needed it, but one could say, I could have—if there wasn't a Macintosh—I would have figured out how to do it tied to a PC, right? But that really wasn't—that wasn't Apple. We tried to do the full thing, you know, and the Mac was so far ahead of the PC anyway, it was the obvious choice. So the way we looked at it and the way we even modeled it financially is basically—It's almost like children, 2.2, right? For every LaserWriter there's, two or 2.2 Macs that go with it. You know, and that was kind of the norm. Sometimes you'd have one, sometimes you'd have three or four, but it averaged out to about every LaserWriter, at least the initial year. There might be follow-on sales of Macintoshes. and that was part of my pitch to the executive staff when I launched desktop publishing. It was desktop publishing was going to be the Trojan horse to get Macintosh into business.

Brock: Right.

Scull: And so that was the pitch, and that's why I thought it was—I thought it was going to be big, but even if it wasn't big in and of itself, it was going to be a valuable Trojan horse to get us on the price lists in any corporation and to get us into business to be an approved product. And then from there, I thought the ease-of-use and just the greatness of the Macintosh would peel into other parts of an organization. And in fact, that did happen.

Brock: Yeah. I was wondering how you would—if you could talk more about that. Like, how could you— could you tell by seeing who bought things, like customer information, if this Trojan horse strategy was working?

Scull: You could only get it from qualitative and data inputs—back then you didn't have the same level of CRM and data that we have now. We just take it for granted that you'd have all that information now. Mind you, you're back in 1985, '86, '87. That kind of information didn't exist. You had to really pull it

anecdotally and from reports that you'd get from dealers and from our field sales. They would say absolutely we would get into a company, get on the price list and then six months later they'd be selling Macs into not just the Marcom group but into the marketing and then it'd get into a product group. So we saw it expand and we saw our sales expand. I wish I had RFID tags on everything and I could track everything and we had people registering and saying where they got it and why. But we didn't have all that level of data. So you had to do it the old-fashioned way. You had to do surveys and you had to do informal—surveys with your field sales guys and with customers when you would go speak with them. When you go speak with them, you'd ask them those kind of questions, and sure enough, you saw it not only expand in that group that got initially, but they would talk about how, a guy from another department came over and said, "Oh, what's that?" And they'd do a demo and the next thing you know, that guy's buying it. Especially as we got into the Mac II and we started getting more software—at that point Excel was there and Word was really good and there were good database products. All of a sudden there's enough software—and our networking was getting better and better. We even had a modem that worked so you could tie into online stuff. You know, it started to become a real business computer.

Brock: So these—the years to 1989, you're, you know, obviously contending with growth and also, you know, pushing growth by the means that you've talked about, extending these dealer networks and all of that. What were some of the signature signposts or challenges in these years as, you know, desktop publishing was growing to a billion-dollar business? Just some of the key episodes, I guess, if you will in that story.

Scull: Well, let's take it in kind of phases. The first phase was just launching it—simple product, narrow solution. Really simple page layout based around, Aldus [Pagemaker and] MacPaint, you know, as a graphics and a word [processor]. You know, we had MacWrite, and Microsoft Word was starting to be part of it and there were a couple of other graphics programs. That was pretty simple. As we moved into the next year, Xerox was really trying hard to push their electronic publishing system. It was their Star-based publishing system. And we loved them, because they were spending a lot of money on ads. I don't know if they sold any. And if they did, it was a small number. But they were spending a lot of money. I think they probably did 10X what we did, and we sold 95+ percent of the product. So we loved them—I personally loved them because they were helping to educate people about this whole electronic computer publishing. And we were the only people that really had a good product and certainly a cost-effective product and one that was widely available that you could get. So that was taking place as we [were] starting into phase 2, but we started to have the inkling of potential competition. Ventura was launching on PC. Xerox bought Ventura at some point. I'm not sure what year, whether it was '86 or early '87. I had been trying to get Ventura to port over to the Mac and they're like, "No, you're already in bed with Aldus," and we're like, "No, Aldus and you are very different." Of course, Aldus would say that they could do everything, but they really were very different. One could do longer documents. Aldus was more page-oriented while Ventura were more document[-oriented]. Ultimately, Quark came out and did what Ventura did and they became a real powerhouse. But they weren't there until '87, if I'm not mistaken. It may have been late '86, or early '87. And unfortunately, Manhattan Graphics just never really got there with Ready, Set, Go. I think ultimately, they got bought by Letraset, which was a font and graphics company that wanted to be in the business, but they never really got it. They had a couple mis-starts. I think they

bought Mac Publisher or one of the other, and then they ultimately bought Ready, Set, Go. It's a shame, because if they'd gotten the resources, if Ready, Set, Go had gotten the resources earlier, they could have probably ultimately gotten there, but they never really did. Then it became—it was fun, Phase 2. you had Aldus and Quark, so you had real choice, right? And that was good for customers, it was good for our dealers. You know, Aldus didn't like it, because they loved having a monopoly position. But they kept telling us they were going to go on to the PC and it's like, "Okay, well, you can't have your cake and eat it too. You want us to be exclusive, but you're not going to be exclusive, so hello?" And it was probably best that way. It was always a good relationship but always had a little tension, which was healthy, I think. And then when Quark came in, that was nice. As you go into later phases, then you start having different types of other products— forms products, PowerPoint, etc. We usurped them into desktop publishing because it was layout and it was graphics, even though it was more presentation then. So we started to then market the suite of products, not just simple, newsletter page layout, but you could do longform, you could do forms, you could do even personalized things like presentations. So we started to talk about a broader category. But that was, two and a half, three years later. We were starting to broaden the talk. And so that was the evolution, and that was the product evolution. That was the segmentation evolution. We started to have competition, as I said, on the PC side, but they never really impacted much—at least during the time that I was actively involved, which was '85 through '88. I basically did it for three years, and then I went and did a special project. I got enamored by multimedia and I left desktop publishing to go do a special project working for Sculley looking at the multimedia space. At this point desktop publishing was a billion-dollar business. Everyone was in my shorts. It was not the startup that I loved and it had gotten mainstream. It was in everything. And at that point, I personally was wanting something new to do because that had been a lot of work. I mean, I basically was like I had launched a company because I was working all the time. It was really fascinating. Would I do it again? Absolutely, but, I mean, I was working as if I was a startup CEO at a company. It was 24/7, you know, for almost 3 years.

Brock: And that would be a hypergrowth startup, to go from zero dollars to a billion in three years.

Scull: Oh yeah, it was wild. It was wild. I was traveling 50 percent of the time. I got Apple to set up desktop publishing groups in Canada, UK, Europe and set up things in Japan, so I was very interested internationally, as we may have talked earlier.

Brock: Yes.

Scull: I was born and raised in Southeast Asia. I always come from a family that's very global-thinking and I always, from day one, thought of it as, we needed to be the de facto global leader of this. So I enjoyed that and I enjoyed setting up new things. And that's what I did—I spent a lot of time with our field organization evangelizing customers and new prospective developers, you know, and then also getting our different parts of the world tuned up to it.

Brock: Was this traveling basically to the great metropolitan areas of the world or which, I guess, by the nature of things, would coincide with, that would be where publishing was going on, but it's like where anything was going on.

Scull: That's where everything was. You go to where the business is. And so the businesses are in the major markets. Certainly the early adopter business, and when you're in year one, two and three of a new way of doing stuff, you go to places where the early adopters [are], and in the United States, it's the coasts. It's less in the middle, but we would do some in the middle, but they were less, even Chicago and Dallas were always a little slower, to be honest, historically. While the coasts were much more early adopters; London, Paris more so. Comparing Toronto, Montréal. Montréal probably more than Toronto, you know, or Vancouver. Those are all more early adopter places. Then you'd also go to parts of Asia, to go to places where things were happening.

Brock: Go ahead.

Hsu: Yeah. You mentioned—so you decided to shift into multimedia. Was that—did you see multimedia as sort of the, you know, similarly to when you had started desktop publishing, that was going to be the new desktop publishing? That was going to be a new area of focus to drive sales and did you see, like, a similar constellation of technologies that sort of became part of this? What components were there to multimedia? Was it HyperCard or the CD-ROM or QuickTime?

<00:56:57>

Scull: D, all of the above. I mean, as the person that was kind of the spokesperson face for Apple in the publishing area—which is also interpreted by others as kind of the intersection of graphics, in creative with computers. Anything in that area you might call media, people would come to me. They'd either come to Doug, my evangelist or come to me or come to somebody else and they would call me. So I started seeing all kinds of things in this new, emerging interactive media and instead of being printed media, it was now the screen was the paper. It was interactive media. And so you started seeing animation. You started seeing hyperlinking. Hypercard came out and that's like, "wow." SuperCard, you know, was another one. You started seeing CD-ROM. You started seeing that there was, again, the same embryonic nutrients kind of floating around there that it felt like there was something really interesting that was there. And I believed that it was Apple's birthright to, just like they had done with the graphical user interface in the Mac and just as they had done with desktop publishing, that it was Apple's birthright to figure that out, harness it all together and get it into the world. Now, was it all there? Was it as mature as I was fortunate to have gotten involved with the beginnings of what became desktop publishing? Was multimedia as mature as when I started the desktop publishing adventure? No. It was not. But, I thought it would get there and so I went to, Sculley and had a long discussion, saying that "I think I'm done doing desktop publishing. I'd like to try a new challenge. I'm either going to leave the company or I'm going to do something else." He said, "What would you like to do?" And I said, "What I'd

like to do is this whole multimedia area. I'm pretty fascinated, I think it could be really interesting." And he said, "Great. Why don't you work for me and figure it out?" I said, "Great". There were these six or seven people from around the company that I put together into a taskforce and we went and looked at what we could do in the multimedia area for a few months and then came back and presented a business plan. Unfortunately, it didn't get approved by the exec staff. There was a certain member of the exec staff that was head of product development that I believe—didn't think it was a smart idea, once again.

Hsu: Was that Gassée?

Scull: And I just could tell that it was going to be a lot of turmoil, a lot of politics to get it done. And at that point, there was a lot of infighting at the senior level and I had the unfortunate purview to seeing it up close. When mom and dad are fighting, kids don't have a good time. Apple was getting kind of funky. The senior management relationships were just not healthy and I made a decision that I was going to leave Apple. I still was fascinated by the prospect of what multimedia could be and I had met pretty much everybody and anybody that was doing anything interesting in the multimedia field. I ended up leaving to become the CEO of a company called MacroMind, which later became Macromedia. They had an interesting product and were working on a new, advanced version that I actually thought was going to be pretty compelling. The first version I thought was a little too amateur, but this one was going to be a really, high-quality product. And so I said "I will join on two conditions. One is you will let me bring in a top-tier venture investor." And I brought in John Doerr from Kleiner Perkins. "And that you move from Chicago to San Francisco." I thought San Francisco was the obvious place to birth this whole new thing. It was the creative center in the Bay Area, but it's close enough to Silicon Valley. So we called that area Multimedia Gulch. And we were, essentially, the first company to really be there that was doing multimedia. There was another company that was also there at about the same time called Paracomp that was doing a 3D graphics, but it was more scientific-driven at that point. Later, it merged—it [Paracomp], Authorware and MacroMind merged to become Macromedia. But that was how we got started.

Brock: And before we get into that story, I would be—this might be where you were going, Hansen, I'd be interested to know, like, when you had that task force at Apple on multimedia or interactive media, what did you see? And what was the business plan that you proposed to Apple?

Scull: Without getting into too much details because, you know, I mean it was internal, but essentially it was to focus on the early adopter place for multimedia and interactive media which we thought was education. That was the obvious first place. And now, we thought it would also go into corporate training and training in general and ultimately into the home as what you would call a videogame player. But we thought you would start really focused on education. We had a group that was a lab, a multimedia lab, in San Francisco, and so worked really closely with them and they were tied in with some key media companies like National Geographic, Lucasfilm, etc. So we worked really closely to see what we could do there. But also on the product side, we came up with an idea of, essentially, two things. A player—you would call it like a videogame player today, but it was a CD-ROM or maybe even videodisc based, we

were unsure what the right medium was just yet, and it might end up using both. And over time, it would be digital video, but back then, to get real digital video, you needed something that was bigger. So that would only be good in certain educational settings—where a teacher would control it as opposed to a kid. But the notion was we would have a multimedia player and the Mac—would be the authoring platform. We'd have a player/user platform and we would go after education because we thought that was a great way, again, as Trojan horse first into education and then we'd take that also into corporate training, and then as we got more and more software, it would be natural to go into consumer. So that was the general strategy. Never was able to sell it internally to be able to do it. So, was it was the right thing to do? I personally still think it was, a multibillion-dollar, missed opportunity on Apple's part, personally, for us not to have done that.

Hsu: We have something in our collection that Apple did put out, and I don't know if you had anything to do with this, but it was some software, there was HyperCard stacks that—and a cable that you would connect to a laser disc and then you could control this laser disc from the HyperCard stack, was that part of—?

Scull: Yeah, that was all part of some of the prototypes that were used to show early versions of what's possible. Yeah, we had all kinds of stuff with Lucasfilm, National Geo, several other groups. WBC [WGBH] in Boston. Some of the PBS guys that were early adopters. The BBC had some interesting ideas. I mean, we were talking to all that kind of early adopter players and then some of the publishers as well. They were all very interested. Now, it's a very conservative world, the educational publishing world, very conservative, which is also the opportunity.

Brock: And I can kind of hear the resonance of the desktop publishing in your description of it. You know, the media player as kind of the shared LaserWriter and maybe, you know, whatever the students would be consuming it on could be kind of like a lower end Macintosh or something?

Scull: Well, it was different. I wouldn't take too many parallels, just because I think you've got to approach everything—every market opportunity differently. You steal ideas where you can, but you got to make sure you don't, want to be that hammer when every problem's a nail. You don't want to do that. When you need a screwdriver, use a screwdriver.

Brock: Okay.

Scull: But now there were a lot of things that you could take from the general Macintosh and the desktop publishing world that were useful, but at the same time, Nintendo and Sega were doing some pretty cool stuff in the video game world that you could also steal from. Right? And so that was our view. We could have been, probably, something more akin to what became the Sony PlayStation, but it would be a Mac OS or a Mac OS derivative PlayStation.

Hsu: Oh, you were thinking of, like, doing a box in the home.

Scull: Oh yeah, We're a hardware—you know, Apple's a computer company. We would have done authoring tools and we would have evangelized and gotten really good authoring tools that ran on the Mac, you know, super-Macs. I mean, the Mac IIs and IIIs and IVs, right? And then we wanted to envision there being a player. And a player would be, the closest thing you would think of today is something like this, you know, the PlayStation. Right? That sort of thing, so it'd be a player. Because you need something like that that's simple, that's easy, that's plug-and-play, that schools and consumers can deal with. You know, if what they're doing is interactive media and games is the greatest form of interactive media that we know. Really good educational products have a lot of gamification to them. And so if you're trying to appeal to, to lure people in, and to engage them in your media you make it interactive. And you'll have a full suite of things from test typing product to exploratory to games. It's the whole breadth of educational material.

Hsu: This was all prior to—I mean, Apple did partner with Bandai to do that Pippin game console later on.

Scull: That was much later. Some would say that was a derivative of some of our ideas.

Hsu: Okay.

Scull: But not probably the way we would have done it.

Hsu: Where did the term multimedia come from?

Scull: You know, I'm not exactly sure. It was in general usage already in, that we were big sponsors, you might know, at the Media Lab, the MIT Media Lab. I was the point person for the sponsorship that we did there during my last year of desktop publishing and that's another one of the things that got me very, very intrigued. Nicholas Negroponte and his group, they're doing some really cool stuff. I think Bruce Blumberg ultimately did his Ph.D. there. So several people from Apple actually went there, but I think the phrase was there and it was a question of, would we try change it? It kind of got into the same "desktop publishing" discussion, but since we never really did a marketing program, we never really had the opportunity to confront that challenge, and so it just became multimedia, and by the time I went to MacroMind, we said, "we're not in a position to change a new category name—we're a small company. So, what we're going to try to do is get Apple to embrace multimedia and we will become the Multimedia Company." So we kind of branded ourselves at MacroMind "The Multimedia Company," and we tried to be the thought leader in the emerging multimedia field and that was with our product called MacroMind Director.

Brock: And by the time you did that negotiation to join MacroMind, they were already developing software for the Mac?

Scull: The Mac, yeah. They had a product called VideoWorks. They had a couple of games as well, but the thing that I was most intrigued by was VideoWorks, and more importantly, they had a product called VideoWorks Interactive which was very buggy, but it showed the vision of what might be possible as an authoring [tool] and controlling software for putting together text, graphics, audio, into a flow much like an iMovie today. And it also had interactive capability where you could link things. The next version of it was what we launched as Macromind Director and it became the authoring tool of choice for the early adopters. Authorware did a more pedagogically structured version for high end kind of educational and kind of tech doc authoring, but they were very professional, sold it for a lot of money and did it through VARs and kind of high end resellers, while we went after the mass market trying to get the early adopter developer person that we thought would infiltrate a lot of places. it became a great prototyping tool but it also became an authoring tool for advertising and promotional and some educational and consumer products.

Brock: That's interesting. Well how did that trajectory at that company go for you? I mean it sounds like it was very much almost like a restart of the company, moving it, getting in very high profile new venture investor, new CEO, yeah, so maybe you could just describe to us the trajectory of your time there.

Scull: Yeah, it was exciting. We launched a new product, established ourselves in the category. Got up to about, it was about ten million dollars in sales. After we went through the tough "get the first million [stage]" you then want to get to the ten million dollar point. At that point, you're either going to get bought or you're going to go to the next level. We were looking to try to possibly acquire some other software products and so had several discussions about acquiring some other software products. I think during that time, our board decided that probably what would be maybe more interesting is to merge it with some other companies. And so they actually decided to bring in another guy to be the CEO and lead that whole exercise, someone that was more senior to me. I left at that point and they did a roll-up of two other companies and merged it to allow it to go public. And so about year, I'm not sure exactly on the dates, but a year or two later, they had put together MacroMind, Paracomp, who we had tried to acquire when I was there and then Authorware to form MacroMind. In fact, there were actually two other products that we never got, one was from Electronic Arts and one was from Adobe. We tried to bring those in because Adobe was doing some software that we didn't think fit their strategy and we said, "Well why don't we take it over?" Same thing at Electronic Arts – they had some studio graphics products that were pretty good but which weren't getting the full-time support that they needed to really be productized so we thought we might be able to do something. But ultimately that was the nucleus of the roll up idea and it turned out to be quite successful. So I left, vested all my shares and went and started another company.

Brock: Yeah, and it's still…

Scull: As you do in Silicon Valley.

Brock: I guess so. Did you have a question?

Hsu: Yeah, I guess before we get into that, so you were in charge of the company during that crucial period where Director became a big product, could you talk more about sort of the development of Director and then the push, the sales and marketing push and the…

Scull: I mean Director was the natural next step up version of what was VideoWorks, so we thought that it needed a name change, that VideoWorks II or III wasn't the right—because it didn't describe what it really was and we thought it ought to be something stronger—I thought it ought to be something that had a name that implied that you were kind of in control, you were the director. So along with Marc Canter who's one of the cofounders of the company, we spent a lot of time coming up with a lot of different names, bouncing a lot of different stuff and we ultimately decided that Director was going to be a good name for it. We got Clement Mok— you might remember that Clement was one of our top creatives at Apple in the Creative Services, he had spun out to have his own firm at that point— to help us with the graphics and logowork. And then we had Regis McKenna, who was our PR firm at Apple, to be our PR firm. So people that I knew and trusted, brought them together to help us with making sure we got the name and the image and the branding all right and then we launched it at Macworld, I think it was Macworld in April of '89. It was our company launch as well—we had just moved the company to SF, so it was a launch of the company and the product all at the same time. And we were a big success, it was the right time, I had left and people knew my track record so it was pretty easy to get attention from all the media, both local and national, and so we got a lot of attention and the product was really good, it was sexy, gave sexy demos, we had a lot of interesting customers that would speak about how they were using it because they had been using VideoWorks and VideoWorks Interactive. We had been able to get them in beta programs. So we already had people using it and so when we launched it and we got, similar to desktop publishing, we got certain dealers that were willing to support it and we got Apple to support it. We tried to do something similar to what we had done in the desktop publishing launch, but there wasn't quite the same—there wasn't a John Scull-like champion there so it was a little bit harder but we were still able to get at least at the local field level, because I knew everybody and so we were able to get some pretty good success. But Apple was quite interested in the area, so we were able partner with them and tag into anything they were doing from a PR standpoint, like when they would give presentations at Macworld we'd get on stage and give demos of our latest products to the Mac faithful. So we were very engaged with Apple over the time that I was at MacroMind and it was very helpful. But we broadened it from just Apple. At that point the PC was getting more and more successful and more interested in that area and so we were able to do some interesting deals with some of the graphics cards companies and directly with Microsoft and IBM. We introduced a product called Macromedia, we had a cross platform player that if you published a Director movie…

Brock: File, yeah.

Scull: …or file, it could be played back on other platforms. So it could be played back on a PC if it had the Macromedia player on it and so that's where the name Macromedia comes from—from our player engine. We did pretty interesting cross platform deals with Microsoft, with Creative Labs, with IBM, a lot of the guys on the PC side because they wanted to be able to have some kind of sexy stuff.

Hsu: You mentioned these use cases, what were they of Director?

Scull: It was everything from presentations, obviously you could do some really whiz bang presentations, to mockups of advertising. It was really good for that. People were using it for visualization, scientific and engineering visualization, pretty much anything where what you're looking to do is communicate an idea in a short simple way. it was a terrific tool to do that. We had people create educational kids' books, interactive books, click and point fun books. And then we had people taking them into actually more serious publications, interactive publications. But that would be probably the scope of it.

Hsu: I remember Director had good HyperCard integration, I remember playing a game by Cyan called Cosmic Osmo that was a HyperCard stack but that used Director animation…

Scull: But it would launch a Director file.

Hsu: Okay, yeah. So, was HyperCard integration a big part of the business or was it mostly standalone Director?

Scull: It was more standalone, and some of our developers would use both for their products. But most people used it as the authoring tool and in the playback.

Brock: And the future trajectory of that, well past your tenure with the firm was Adobe acquired it, right? It had Director.

Scull: Yeah, much later.

Brock: Much, much later.

Scull: It went through a stage brought on by our player which then was usurped by Shockwave…

Brock: Right.

Scull: …right, which was the next evolution then Flash was the next evolution. They continued to make the footprint lighter as you go into the Internet world, as you leave the desktop and CD-ROM world where it's okay to be big, and as you go into the online world, you need to be small and fast and then it ultimately becomes a video player, essentially a codec—so it evolved quite a bit but that's over more than ten years.

Brock: But it is interesting that the form does stay the same if you will, Director is for making the content, there's a player that's multiplatform and…

Scull: The model…

Brock: Yeah, the playbook.

Scull: …was established, the playbook was established, the technology underpinning changed.

Brock: Interesting.

Scull: So that was kind of part of what we contributed to the industry and the industry thinking. We were, version one, and now we're probably version five, or maybe six, right, but that's 20, 25 years later.

Brock: Right. But your next move was actually to stay in interactive media and cofound a video games company.

Scull: Correct.

Brock: Could you tell us about that?

Scull: When I left MacroMind, I was pretty enamored with interactive media and it became pretty obvious to me that the mainstream application of interactive media at that point in time was games—while education—unless Apple or some big company was going to really get behind it, which they were not doing—would take a while. While I would have liked for them to do so and I would have stayed there to have done it, they chose not to. So therefore you got to look and say, well, if they're not doing it, it's going to stay a pretty niche market, but mainstream interactive media, the best guys, and some of our best developers, customers at MacroMind, were game guys. And so I teamed up with one of those, a guy named Rob Fulop who had a small firm called Interactive Productions. And so I teamed up with him and we created a new company called PF Magic and it was focused on interactive entertainment. And we did some pretty interesting things.

Brock: Was that also in San Francisco?

Scull: Yeah.

Brock: Okay. And what were some of your…

Scull: South of Market of San Francisco, that's where you do things or at least that's where MacroMind was and that's where I thought this should also be. So we were right around South Park if you know where that is.

Brock: And you were with that firm for, was it seven years or so?

Scull: Probably about that, it was a long…

Hsu: Wow.

Brock: Yeah.

Scull: …it was a long journey, it was basically two startups in one. The first startup, we were doing some interesting things with the CD-i platform which was a Phillips-based product and they had a whole big push trying to do some of what I thought Apple should have done. But they did it a little different and while they were the best thing that was there, didn't quite ever get there. But we thought they had a chance because, you know, Phillips…

Brock: Sure.

Scull: …you know, pretty big company and they were willing to spend some serious money with developers to create content because they were going to launch with a library of content which I thought could be great. It's not that far from the playbook, the only difference is they didn't have a Macintosh and all the super interactive media guys that we had, so I think we at Apple could have done it a lot better, but they were the best thing that was out there and so we gave it a shot at creating some products, they funded it, and we created some products. But CD-i never materialized to be anything important other than just a great place to have met some really, really smart people and a whole bunch of guys like us that were early adopters trying to create a new industry. It was a really fun group of people, but business-wise it didn't seem like it was really going anywhere. We then got intrigued with the notion of online games and so we ended up taking some money from the AT&T Consumer Products group who at the time was trying to create kind of a digital presence. I think they made five or six investments in Silicon

Valley. They were trying to create the new AT&T Consumer Products group. And so we thought it was a natural for us to work with them to create a way that you could play games over a phone line. You could play multiplayer, where you and I could play together even though you're 5 miles away or 50 miles away. So what's now very commonplace, but back then the Internet, this is the early '90s, Internet still wasn't available. You didn't have Mosaic yet, you didn't have Netscape yet, it was still in labs or universities, not in mainstream. But Bell Labs had some pretty interesting voice over data modem technology and we were like "perfect," we'll help them create a product that then working with either a Sega or a Nintendo, where you could have a video game that leveraging this voice over data modem and people would be able to play and talk to each other at the same time.

Brock: Oh, cool.

Hsu: Wow.

Scull: So maybe a little ahead of its time? Yes, [but] now it happens all the time. So we put together a pitch to create this product with them and they gave us a lot of money and also funded the development. And we were about three months away from having a product when the senior person in charge of that whole AT&T consumer group basically left the company. Don't know whether he got fired or didn't get promoted. We don't know all the politics but that's the risk of working with a corporate—I mean we had been working with him for two years and when the new guy came in, he just said "nope" and he basically killed all five or six investments in Silicon Valley, just shut them all down. We're like, okay, we no longer have a business. We could sue him, yeah, great, and that would take five years, or we can just accept it and figure something out. And so we had some money, still had about a million bucks in the bank. I could have given it back to the venture group that had come in alongside of them. I went to our board and said, "The other choice is we can pivot it and we can just become a pure software entertainment company and not try to do anything else, just do that and leverage the Internet because the Internet now is happening." And I thought we had some interesting ideas of some products that we were doing especially in this area called virtual pets, what we called Virtual Petz.   So that's what we ended up doing. I laid off two-thirds of the company, kept the 15 people that were going to focus on those products. We were up to like 45 and we kept just that 15 and we came out with a product called Dogz and then a product called Catz - D-O-G-Z and C-A-T-Z and were both very successful. We sold I don't know how many million copies of them and had a pretty interesting little business, enough that about two and a half years later, we got bought by The Learning Company. Who later were bought by Mattel. The Learning Company which was doing a roll-up of a bunch of entertainment and learning products, they ended up buying us and everything worked out, but it was a long slog. So it was quite an experience, being CEO of startups that go through this…

Brock: Yeah, three changes it sounds like.

Scull: Yeah, but, you know, that's what you do, that's what entrepreneurism is all about. It's all about staying with it and not giving up. And being with smart people and being committed and knowing when to pivot, you got to make tough calls but that's what CEOs and management teams have to do.

Brock: And it seems like that genre of virtual pets or where you're kind of doing the care and feeding for if it's a plant or a pet or whatever, that that has, I mean that persists, right…

Scull: Oh, big time.

Brock: …I mean I think it's a very popular genre.

Scull: Oh yeah, we knew it was going to be—we had ideas for many more things but you got to remember, we ended up selling the company in '98. And in '98 the Internet was pretty still narrowband. It was another four to five years before broadband was really here, and so you could only do so much with narrowband Internet. You could do some interesting things but being able to move graphics and more game stuff, you really wanted broadband. We had these visions and they were just—you could tell, it was going to be a ways before we could do it. So that's when we decided it was ok to sell. We had a partnership with Mindscape, they were our distributor in Europe. We published our own in the U.S. but they were our distributor partner in Europe. They saw how things were going in Europe and they figured if they're going that well in Europe, they're probably doing pretty well here in the US. So when they got bought by Learning Company they said to us, "why don't you guys also get bought by these guys?" And so they teed it up for us to get bought by them as well. And we thought, okay, it was a good enough offer, it was probably the right thing to do.

Brock: Right. And from there, you went to sort of the other side of the desk in terms of entrepreneurship and that's venture investing.

Scull: Yeah, I didn't get there immediately, I didn't get there immediately, I took a year off, I was pretty spent—I took a sabbatical.

Brock: Well earned.

Scull: I needed to recharge the batteries, so I took a year off. And then I wasn't sure what I was going to do. I assumed I was going to go back and be a CEO actually because that's what you do and I really enjoyed it. But my wife got pregnant and she had to be under "house arrest." She had a tough pregnancy and so I'm like, I can't be CEO of a startup when she's on the couch or in bed. So we put that off—and I just I did a little bit of angel investing and I was a part time/interim CEO in a couple of places or an advisor. I did that for a while, because we wanted to have a couple of kids so I figured it was going to be

at least two or three years. Which was great—everything's healthy, we have two lovely daughters that are now teenagers, so that's another story. But during that period, I didn't feel I could go back and be a fulltime CEO and during that period I also did some work kind of helping some VCs and just as luck or fate or whatever would happen, a friend of mine called me out of the blue and she was Australian and she had just joined an Australian venture firm. She says, "I'm in San Francisco, you want to have coffee?" And I'm like, "Okay." So I went, found out what her new job was all about. And it turned out I knew quite a bit about two or three of their companies and the more I was talking and asking questions, she goes, "Well, you could probably help these guys quite a bit." and I said, "Yeah, I probably could." And she said, "Would you mind meeting with them?" So I ended up meeting with the CEOs of two or three of their companies and one thing led to another, they asked me if I would go on their board. And then again one thing led to another, next thing I know, the partners of the VC firm asked if I would come work for them, and I said, "Hmm, I'm not a VC, but for the next year or so I can do it—I'll do it part time for the next year." So one thing led to another, I accidentally became a VC.

Brock: And you liked it.

Scull: And I became their partner here in Silicon Valley. They were in Sydney and they didn't really have a deep presence here. I knew a lot of people here so I could make connections and networks that they just didn't have and it proved to be pretty successful for them. And at first, I started just thinking I'd just do it until we had two healthy kids and everything was settled down at the home front and then I'd go back and be a CEO. But I got intrigued enough by it that I agreed to stay on and so I ended up working with that firm for almost four years, almost five. And towards the end of that five-year period, myself and one of the other partners, we thought it best that we spin out and create a new firm and raise a new fund that was different, slightly different focus than what that other firm had been. So we created Southern Cross Venture Partners which we started in 2006 and so I've been doing it for the last 11 years.

Brock: And the focus is dually in Australia and the U.S…

Scull: Yeah.

Brock: …or is it Asia and the U.S?

Scull: Well it started off like an Israeli VC— Israel's venture firms have been pretty successful where you have a presence there, a presence here—we started off like that except it was Australia & New Zealand. With an office in Sydney, office here and we would help Australian startups go global, leveraging Silicon Valley—that model was the pure play poster child investment for us.

Brock: Got it.

Scull: What we found is there's also deals here that we had an opportunity to participate in. All of them had some Australia connection, either an Australian founder or a technology team in Australia that we could connect with a team here, because people were looking to outsource development teams and we found some interesting combinations like that in our first fund. Our second fund which really is an A fund and a B fund. They're kind of one, as we partnered with the Australian government and Softbank China Venture Capital in both. So we now are more of an Asia Pac focused, because through Softbank China Venture Capital, we also have an office in Shanghai. We have an office still in Sydney and here and so we're a little more Pan-Asia Pac focused. Australia still is an important part of it, but now the markets are China and the U.S.

Brock: I see. And forgive me but Softbank is a Japanese headquartered firm and this is a Chinese subsidiary or something?

Scull: Not quite—they started off in either '99 or 2000, with their first fund as Softbank China Venture Capital. The dominant LP in it, like 90 plus percent of the money came from Softbank China, they took on the name Softbank China. It's now more known as SBCVC, which is just the letters. They're now in fund five, about to do fund six. They're the guys that did the original investment in Alibaba.

Hsu: Oh.

Brock: Oh.

Scull: So, they owned at one point, a third of Alibaba because they gave them something like 18 or 20 million bucks. Owning a third of Alibaba which needless to say made them and Softbank a lot of money. But since then, they have done very well. They now have over two billion dollars under management over several funds.

Brock: So it's a major Chinese venture firm.

Scull: Correct.

Brock: Okay.

Scull: But Softbank now is, Softbank the mother ship probably is 10, 15 percent LP in it, I don't know the exact numbers.

Brock: Oh, I see.

Scull: They still are an LP but they're not the dominant LP anymore, only in the first fund were they the dominant.

Brock: Got it, and that's…

Scull: And then from then on, the name brand was established, they were able to use the brand early on…

Brock: Sure.

Scull: …but now it's less because Softbank's not the big LP like they were. They have multiple LPs from all over the world, U.S., Europe, Asia, Middle East, it's just a general—it's a venture fund.

Brock: And are those sort of Chinese, successful Chinese entrepreneurs who have turned to venture capital who run that outfit, or…

Scull: Yeah, it's interesting. Really sharp guys, four of them are the senior partners and they have some junior partners as well. But all the main four, they're U.S. citizens but they're Chinese nationals that have worked in the United States for 15 to 20 years before becoming VCs. So they were all successful entrepreneurs in the technology field and they saw the opportunity to set this up with the Softbank blessing. I think Softbank had funded a company that two of them had been involved with that had been successful and that's how they knew Mr. Son at Softbank and what led to those discussions. They knew there was a real opportunity to go set up a venture firm in China around 2000, just as the go-go, the start of their dotcom period and they were able to— Timing is everything in life and they were able to ride that and establish themselves as a really great firm. They've been great partners, they're really sharp guys. The fact that their English is strong, they understand the United States, Silicon Valley and China, they're all fluent Chinese speaking, makes it so that it's a good partnership. It's been good to work with them and they're extremely well connected there and so it's been a very good win-win partnership for us.

Brock: And it sounds, it satisfies your long-held wish to be involved in Asia again.

Scull: Oh yeah, I mean it's why I ended up doing the thing with Australia. I've always wanted to do something internationally and so being a venture capitalist connected to an Australian, at least to start it off with was great, I could stay in Silicon Valley which I still think is like… how do you leave Florence during the Renaissance?

Scull: And so I wanted to stay here but I wanted to have a global view and while Australia is not the most exotic of global views—my sister lives in Africa, that's exotic, right—I still thought it was pretty interesting. And I still think they're a fantastic gateway into at least Southeast Asia and now with the partnership with Softbank it broadens it to Asia Pac in general which is really great. I'm really liking that and not only professionally is it interesting but also on a personal level it's fascinating.

Brock: Do you travel there frequently?

Scull: I go to Australia a lot. I probably get to China once or twice, always once, but sometimes twice a year. I get to Australia, generally four or five times a year and then around the U.S. some but it's heavily focused there. For a while there I was getting to Singapore three or four times a year as well because we had two companies with major offices there. But no longer, as we've sold those companies, so I have less need to do that.

Brock: Is your theme software for these investments or computing or…

Scull: Yeah, we're pretty broad—today we have two focuses, one is general technology which could be software, hardware, you know.

Brock: Computing.

Scull: Computing, could be medical device. We don't do life sciences and pharma but we can do everything else. And then we also have a very strong interest in clean tech actually, and renewable energy.

Brock: Oh, great.

Scull: So that's why we have two funds, one fund is funded actually by the Department of Energy of Australia, half the money comes from their subsidiary, called ARENA, the Agency for Renewable Energy so it has a very strong renewable energy focus which is something we believe very strongly in.

Brock: And are you funding companies pursuing that sort of renewable energy technology in Asia?

Scull: Globally.

Brock: Globally, yeah.

Scull: Yeah, meant to be, all of them are global. They have an Australian connection but they're all global. The major markets obviously are U.S. and China and Europe—in the renewable energy field, China is probably the number one market in the world and the U.S. is number two and needs to be, right? So yeah.

Brock: Great.

END OF THE INTERVIEW