



## **Oral History of Scott McNealy**

Interviewed by:  
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**Kapoor:** On behalf of the Computer History Museum, it is my privilege to welcome Scott McNealy. He doesn't need any introduction. He was Co-Founder of Sun, which changed the world. My name is Uday Kapoor, and I am a volunteer at the Computer History Museum's Oral Histories program. And I have the added pleasure, and privilege of, having worked for Sun for more than 20 years. So with that, "Welcome." And I'd like to start with your early life. You were born on November 13<sup>th</sup>, 1954 in Columbus, Indiana, to an illustrious father, Bill McNealy, who was a Senior Manager, and then later rose to Vice Chairman at American Motors. So could you please tell us about your early life?

**McNealy:** Oh, my early life was moving around a lot. I was in eight schools by eighth grade. Lived in Indiana and then moved to Rockford, Illinois, then to Kansas City Missouri, and then to Racine, Wisconsin, and then eventually we ended in Michigan which is where I spent my high school years. And my dad moved around a lot of different jobs. A Harvard MBA. And he met my mom, who was a flight attendant, hostess back then on TWA, and I had two brothers and a sister, and finally I went off to Harvard, worked there, or went to school there for four years. I studied economics.

**Kapoor:** So we'll come back to that.

**McNealy:** Yeah.

**Kapoor:** So in the early days, since you were born in Indiana, and then you really spent your school years in Michigan, Bloomfield Hills, Michigan, and you went to a very prestigious, elite prep school called Cranbrook, where Mitt Romney also attended. So in between what was-- what happened? You know, how did you go up to Michigan?

**McNealy:** Well, we basically just followed my dad around, and he worked for different companies. And eventually he got a job as Head of Purchasing for American Motors. One of the big four automakers at the time in Racine, Wisconsin-- Kenosha, actually. And then he got promoted to Detroit to go run a piece of the marketing organization. So we all moved to Detroit. That's how I ended up there.

**Kapoor:** Okay, thank you. And I understand you were around bright people in the school, it's an elite school, and you were really active in sports. Can you tell us a little bit about that?

**McNealy:** Well, yeah, I never was the brightest kid in the room, but I loved being around bright people. At Cranbrook I lettered in-- was Captain of the State Champion tennis team. I was Assistant Captain of the hockey team, and I was top 15 in the State in golf, on the golf team, and I was most valuable member of the band, even though I was a terrible musician. But that was my deal. I wasn't the smartest kid in the room, but I was good at a lot of different things.

**Kapoor:** Thank you. And then you went on to Harvard. You gained entrance to Harvard as a pre-medical student, I understand. And it was your father's alma mater. So can you tell us a little bit about that experience?

**McNealy:** Yeah, well, my dad and his three brothers all went to Harvard and all got graduate degrees from Harvard. And I got into Stanford and Harvard, and my mom said, "Go out to Stanford and be a playboy." My dad said, "Go out to Harvard and make something of yourself." And the responsible part of me went out and I went to Harvard, and started off in a pre-med role, but I noticed about 60 percent of the class was pre-med, and I thought, "Well, there's plenty of doctors. And I fell in love with economics and my economics professor, Bill Raduchel, who to this day is best friend and godfather to one of my children was in my wedding, he was just about everything in the staff roles at Sun Microsystems, CFO, HRO, CIO, Head of Strategy, Chief Financial Officer. And so it was a very fortuitous decision for me.

**Kapoor:** Yes, I understand he played a big role in your career.

**McNealy:** And life.

**Kapoor:** And life. Also you overlapped with Bill Gates, although you never really met him there at Harvard.

**McNealy:** Well, I did run into Steve Balmer. He came to Harvard a year later, and actually came to my dorm. I think he might have even spent the night in my dorm room when he was visiting. He was from a cross-town rival high school in Michigan called Country Day, Detroit Country Day. And so I did get to know him in very early days.

**Kapoor:** Very good. Then you graduated from Harvard in 1976 with a BA. And you said that your main interests were beer and golf. And you Captained the Harvard Golf Team, in fact.

**McNealy:** Right.

**Kapoor:** So your sports career continued.

**McNealy:** Yeah, well, it kind of ended abruptly. I hit one out of bounds on the 17<sup>th</sup> hole, and I missed going to the NCAA Championships my senior year. Then I had to find a job, because I was graduating in two weeks, and eventually my old hockey coach from Michigan hired me in at Rockwell International Automotive Operations in their Plastics Division. Sort of like "The Graduate" where they told the kid, "Plastics." So I went into Plastics.

**Kapoor:** Right. So and you work at AMC for some time in the Plastics?

**McNealy:** I worked for Rockwell International. AMC was a potential customer, but no, I didn't work for dad. He knew better than to hire me. So and I also worked for Roger Penske in the summers. My first job was \$1.75 an hour, wash boy and car porter in Penske Chevrolet in Southfield, Michigan.

**Kapoor:** Right. I understand your father played a big role in your education in terms of you used to study his files. I know, and you learnt a lot from that.

**McNealy:** Files were a little different thing back then. I would-- he would come home and have a Manhattan and sit in his chair and empty out his briefcase, reading it and making notes, and I would sit down at the foot of his chair, and watch what he threw in the Forward file and the trash and in the Save File, and I would ask him questions about it. And say, "Why did you do this? What's this all about?" And he was nice enough to help me out a little bit.

**Kapoor:** After that were you looking to continue your education in the business field?

**McNealy:** Yeah, I had sort of thought I should get an MBA, so I tried for the first two years, right out of college and my first year out of college while I was at Rockwell to get into Harvard and Stanford and I got into neither. And finally the third year while I was still working at Rockwell International, I got into the Stanford Business School. I didn't finish the Harvard application and went to the Stanford Business School.

**Kapoor:** And I understand that you were one of the few MBA students concentrating on manufacturing.

**McNealy:** Yeah, I took all three classes that Stanford offered in the business School in Manufacturing. Seems to me the Stanford Business School is much more interested in teaching ethics and public policy these days than manufacturing, just wasn't a big deal, even then.

**Kapoor:** Right. So what aspect of management and manufacturing did they emphasize? What do you remember?

**McNealy:** Very little. <laughs> I mean, to be honest, I don't think an MBA is a very applicable discipline for graduate school, because you don't do anything that you do if you're a chemist, if you're a chemist, you do Chemistry. If you're a physician, you smash atoms. At business school, you don't raise any money, spend any money. You don't hire, review or fire anybody. You don't design anything, you don't make anything, you don't sell anything. And you do nothing that you do in the real life, but I met a lot of really bright people. That was the real advantage. It was a pretty expensive way to meet really bright people.

**Kapoor:** Maybe about finance. Even that.

**McNealy:** I learned a few accounting words that I, you know, certainly you can learn online today very quickly and very easily and very cheaply.

**Kapoor:** So you graduated from Stanford in 1980 with an MBA. And apparently then you went to work for FMC.

**McNealy:** I was dying to go back into the factory. I loved making things, I loved taking raw materials, adding some labor and some process and putting it in a box and shipping it out for more money than it cost. And it just seemed to me that was real life. And I couldn't get a job in a manufacturing environment. Every time I'd interview a manufacturer, they said, "No, you're too important and too educated to put in

the factory." And I'm thinking, "How do you learn about a business other than actually getting in there and building the product?" Finally FMC Corporation said, "We'll put you on the Corporate Manufacturing Staff in Chicago, doing Strategy. And then in a couple years we'll move you into the factory." So I went with FMC Corporation.

**Kapoor:** So their manufacturing was here in San Jose?

**McNealy:** Well, they have--

**Kapoor:** Many places.

**McNealy:** -- all around the world, and I fell in love with the secretary out here at the San Jose Tank Plant, where they build Bradley fighting vehicles. And I told them, "Either you move me out to California, or I quit." So they moved me out here, and I worked in the factory. I was a Plant Scheduler in the factory. And then ten months later got into the computer industry.

**Kapoor:** So while you were working there, I guess Bill Raduchel approached you for a position at Onyx?

**McNealy:** That's correct. He was buying the computers. He was working, I believe for Econometrics firm for Otto Eckstein. And he was trying to buy computers and they couldn't ship them fast enough, so he called the CEO, Doug Broils. And I went over and interviewed with them, and they gave me the job, basically on Bill Raduchel's recommendation. I didn't know what a computer was, I didn't know what a disk drive did. I didn't-- was not an engineer. And it was a pretty fortuitous step into the Silicon Valley for me.

**Kapoor:** So were you looking for a change or you thought that was a good opportunity?

**McNealy:** You know, I remember walking in and seeing-- I came from the car business and the tank business. And I remember them showing me the Onyx Computer, which was the first computer to put UNIX on a microprocessor. And it was a little box, not much bigger than a very small suitcase. I lifted the cover off, and I said, "How much do the components cost in this thing?" And the guys says, "Oh, about three-thousand dollars." I said, "What do you sell it for?" He says, "Twenty-five-thousand dollars." I said, "Really?! How long does it take you to make them?" "Oh, about five hours. And then we let them run for two days, and if they don't break we ship them." I said, "Are you kidding me?! This is like stealing!" because I know how hard it was to design and build a car and the gross margins and all. And I thought, "This is like stealing! I'm in!" So that's why I made the shift from building tanks to building computers.

**Kapoor:** Okay. So you were there for a little bit of time. And then, apparently in 1982, Vinod Khosla called you, apparently to look at the Onyx CEO as a venture capitalist for what their startup was.

**McNealy:** Well, Vinod and I went to business school together. So we graduated in '80 together. And he and I became good friends, because he was always the last guy at the party. And don't ask me why I know. But we became good buddies, and then after we actually started a company before Sun, called the Data Dump. And Vinod doesn't like to talk about this, but we thought it would be a good idea to put four-

phase minicomputers near campuses and allow timeshare availability for word processing, not realizing that all of a sudden everybody's going to own their own PC, and do their word processing that way. So the Data Dump, whew! Boom! We lost Karl Berg, a big developer. We lost all his money there. But Karl also invested through Doug Broils, who was the former Onyx CEO into Sun. So he kind of cut us some slack, because he made a lot of money on Sun Microsystems, since one of the original investors.

**Kapoor:** Right. So he approached you. Vinod approached you for the position at the startup.

**McNealy:** Well, he actually called and said, "Hey, I met this guy, Andreas von Bechtolsheim, who's invented the Stanford University Network Workstation." He said, "We can start a company. Do you know any venture capitalists?" And I said, "Well, Doug! Doug Broils at, oh, gosh, West Coast Ventures, at the time." And Karl Berg was the big investor in West Coast Ventures. And so we went and I introduced him, and I showed him the Sun workstation that Andy had done, and within a half-hour, Doug said, "Sure, I'll invest!" And so I took Vinod over to the McDonald's right here at what's it called, Sand Hill-- not Sand Hill, Page Mill and El Camino, and I said, "Congrats, you got money now from Bob Sackmann at U.S. Venture Partners, and Doug Broils. Congratulations." And he goes, "Well, are you going to quit tomorrow?" I go, "What are you talking about?" He said, "You can't back out on me now." I go, "Back out on you?! I don't even have a job offer!" He says, "You're a Founder!" "Oh, all right." So I went in the next day and quit. And they all told me I was absolutely nuts. And the rest is history.

**Kapoor:** So that's amazing that that's where history was made, because you know, you came from the manufacturing background, had no intention of going into computers or anything. And here was really the beginning of a fantastic career.

**McNealy:** You know, somebody wrote a book-- I never read it, because I lived it-- it's called "Accidental Empires," and it's all about how companies get started here in the Valley, and yeah, when I started off I was just doing-- I was in charge of sales, and I was in charge of manufacturing, and I was in charge of-- I actually used VI, UNIX VI to write the first ERP system we used. And I assigned all the part numbers and I built the shelves and I put the boxes in the shelves, and I labeled the boxes, and I put the parts in, and then I went and paid the bill. So it was a--

**Kapoor:** So the target was to compete with the VAX 750 and 780.

**McNealy:** Actually, the target was-- our main competitor at the time was Apollo, who was also doing workstations. And then the CAD companies were building their own workstation, so we were always trying to get them to use ours and become software companies.

**Kapoor:** Right. So in the beginning, you depended on the design from Sun, or SUN from Stanford, and it was based on the Motorola 68000. And adding to that was UNIX and also you all got Bill Joy from Berkeley. And also the networking protocols. So this was a very unique creative design.

**McNealy:** We like to call it building a Ferrari using off-the-shelf components. So we used standard Motorola Microprocessors. Standard power supplies. Fujitsu disk drives. I can't remember who was our

DRAM supplier. But then we also used software that was off the shelf, so we got the Berkeley UNIX, which is what Bill Joy brought. We used TCP-IP, which was an open source networking stack. And that, we were probably the first computer company to ever put TCP-IP on every computer that we shipped, as silly as that sounds. But there was DECNET, there was IBM's SNA, there was Apollo had their own, and I can't remember what it was called. There was the Novell networking schemes. Land Manager from Microsoft. There were dozens and dozens of network protocols. And turned out that TCP-IP beat them all, didn't it?

**Kapoor:** Right. So you were VP of Manufacturing and Operations. And at that time Vinod was the CEO running the company. And apparently that didn't work out too well in the next couple of years, he left. But you had to take over as the CEO. But in between, there was a person by the name of Owen Brown, apparently, who was the COO.

**McNealy:** Yeah, I think the Board sort of was a little green. It was, I think, one of John Doerr's first ever board. You know, one of the greatest venture capitalists of all time. I mean, he really is. And I think we were all sort of learning our way around. We had four 27-year-olds who had founded the company and were running it. And I had three-years business experience, which was more than the other three founders combined. Vinod was not seasoned, and the Board wanted to bring in a President, with him as Chairman, so we got a guy from Digital Equipment. Unfortunately, we sort of had a mom and dad thing. If dad said, "No," you go to mom. And if mom said, "No," you went to dad tried to get the answers, and it just wasn't clear leadership. And so the Board saw there was a lot of opportunity, but a lot of problems. So literally two years into it to the day on February 24<sup>th</sup>, 1984, they basically Owen and Vinod were relieved of their duties, and they asked me to take over temporarily until they went out and found a new CEO. The staff voted eight to nothing, "Go out and get a new guy, because Scott's not capable." And over the next ten/fifteen months we solved a lot of problems. And things started to run pretty well, and we found somebody to bring in from Hewlett Packard. And the Board explained that. We explained that to the staff who was coming in. Kodak said, "We're not investing." They had committed, I think, to invest 20 million dollars in the company. When they heard who it was, they knew him, and they said, "We're not investing." The whole thing was about to blow-up. The Kodak guy came out, their operations guy, Dick Kleinhenz, interviewed everybody, talked to everybody, asked my staff. They voted eleven to nothing ten months later to keep me as CEO, and not bring in the new guy. So he went to the board and he said, "We'll invest under two conditions. One, Scott stays CEO; and two, we have a five-year veto vote on any new CEO if you try to replace Scott." And the Board said, "Okay, we'll keep Scott." My staff was happy, and then Dick Kleinhenz sat down quietly and he said, "Do you want the job?" And I go, "Well, I don't know." He goes, "Well, if you take," you know, "Buck up! Take control! Be the boss! Stop being wimpy! Take over and--," he really kind of kicked my butt big time, and said, "Be a CEO and stop being so wimpy."

**Kapoor:** So this was also the time when you hired a lot of creative people and fantastic people. So maybe you can name a few now.

**McNealy:** Oh, my gosh, there were so many good people.

**Kapoor:** I know.

**McNealy:** And you know, the one guy who probably gets very little credit here in the techy Silicon Valley was Crawford Beveridge. He was my hire for VP of HR. And he was my confidant, my right-hand man. He was my trainer, my educator, my developer. He kind of-- very senior, wonderful guy from Scotland. And he helped us bring in Carol Bartz and Bernie Lacroute, and, oh gosh, I'm going to remember a whole bunch of the names. Bob Luxe and all of the finance people. He made people comfortable that this young kid wasn't a wacko. And then on the technical side, Bill and Andy just kept bringing in all of the superstars like Tom Lyons, or "Pugs" as he was known. James Gosling, obviously, and then relationships with guys like Patterson, and other folks. I mean, it's just too hard to name all of the brilliant, brilliant people there. And you know, A people hire A+ people, and it just took off.

**Kapoor:** Right. And on the product side, at that time, you were designing with a Motorola and apparently with Intel architecture as well in the beginning?

**McNealy:** I think we started with a Motorola. And then I think we did Intel a little bit later. We did one experiment. We built a 98 percent compatible Intel computer. That didn't go very well. You know, we made a lot of mistakes in the early days. We did a lot of things right. We had Route D running on Sun OS on our computers. People take the monitor off and use it as a router. We never went after that business. Cisco happened. But Bill Joy came in one day and said, "We can build a better microprocessor with my buddy Patterson," and they invented the first Sun/RISC architecture, SPARC, and that became a massive success!

**Kapoor:** So when did the move to SPARC happen at the beginning, or the decision on SPARC?

**McNealy:** Well, I think we started shipping in '89, so it was probably like '85 or so, '86 when we decided to make that one.

**Kapoor:** So Sun went public in '86, so it was that decision was made before Sun went public.

**McNealy:** Yeah, I think so. I can't remember. That's a long time ago. But you know, it was-- things were happening fast, and the good news is I wasn't an engineer, so I didn't get in their way.

**Kapoor:** Right, right. We have done a lot of panel discussions on that, so we-- so I don't expect you to go into any details, that's fine. So at 1986, Sun went public. And that year the revenues were 8.5 million dollars. And I have the--

**McNealy:** I think, if I remember the numbers correctly, the first year-- we started in February of 1982, we went profitable in May, and the first fiscal year, July 1<sup>st</sup> through June 30<sup>th</sup>, we did 8.5 million. Then we did 39 million. Then we did 115 million. Then we did about 210 million. And then we did--

**Kapoor:** Four-fifty.



**McNealy:** Around 450, and then a billion the next year.

**Kapoor:** In 1991. So that's the ramp. And that was real revenue. It was as crazy as it gets. I know, so with that kind of growth, you must be growing the staff, you must be doing a lot of stuff to achieve that.

**McNealy:** The only way we could do that was to architect and distribute. To delegate, to be participative, but not consensus. And to ask is to seek denial.

**Kapoor:** Right. I was one of the guys at Cypress we did the first SPARC check after the Gate Array, so I met a lot of the people at that time, so I know the environment a little bit. And then I think Sun ran into some production problems with a very broad product line that you had at that time. And you moved your office to the factory floor, apparently to really get into it.

**McNealy:** That happened more than once. And you know, it really-- one of the things that really helped me out was going on the board of GE, and I saw the focus that Jack Welch put on quality and Six Sigma, and you know, that, and then the second thing is his focus on hiring and reviewing and managing people. He spent most of his time doing those two things. I'll tell you a third key success factor for us was I grew up in the auto industry and I remember one day my dad came home at American Motors and said, "Oh, my gosh, I've just seen the enemy, and it's the Honda Civic." And he could not believe how high-quality the car was, how high-performance it was for the dollar. And he said, "This is going to be a problem." And nobody else in Detroit saw Japan coming as early as he did. And I thought to myself, "Holy mackerel. We're doing great here in the computer industry, but Japan's coming on with NEC, with Fujitsu, with Toshiba, with all of these computer companies." I said, "We better go compete." So I started-- I went to Japan probably once a quarter for about six years trying to build our business there, and Japan beat us up, and they would look at every one of our machines, and they would tell us everything that was wrong, and then we'd go back and fix it. And I thought, if we can win in Pearl Har-- you know, in Tokyo Harbor, we won't have our own Pearl Harbor in the computer industry. So that happened, and I think we ended up getting all of the major computer companies to resell our product and we became-- that became our largest and most profitable subsidiary. And I think to a large degree helped us hold off the Japanese and the momentum that they had at that point.

**Kapoor:** Right. So not only did you solve the factory problem. Apparently you pruned the product line at that time and concentrated on the SPARC-based product and also reorganized to the planets. So maybe-

**McNealy:** Oh, my god, there's two things that happened. One I did well, and the other one I didn't do so well. You know, it was all the wood behind one arrowhead was getting everybody into one architecture, one strategy, we're going to push it real hard, and we're going to focus and--

**Kapoor:** And I remember the arrow that was put in your office. <laughs>

**McNealy:** Yeah, we had a 60-foot arrow that went through the fourth floor of what is now the Jewish Center that they have over there, but it was quite a scene to see an arrow that went all the way through

the building on the fourth floor and right through my office. But we also did some reorgs that sometimes worked and sometimes didn't. And the Planet Reorganization didn't work. The thought was that we would organize like a chip company, a software company, a systems company, a services company and a retail company. And it didn't work. It just had too many people fighting too many people. So we got to a more traditional org structure.

**Kapoor:** Right. So you then Sun passed the three billion dollar revenue mark in 1992. And at that time it was still workstation-centric, and one of the key areas, of course, because I saw you started was the EDA domain. What were the other domains?

**McNealy:** Well, you know, a lot of customers were taking our servers and-- or our workstations and taking the monitor off and just running them as servers and running them as file servers and database servers and other things. And so we thought, "Well, why don't we just get into the server business?" And so we started building real live servers. We started off with two-way, four-way. And eventually bought the Cray Supercomputer sold us their 64-way UltraSPARC, or SuperSPARC computer, and we bought it for about 15 million, and it turned out to be a multi-billion dollar business. It was one of the great acquisitions. DOS was a little better acquisition, but this one was a pretty darn good acquisition and that got us into the server business big time.

**Kapoor:** So initially, you were, as you said, using the workstation technology as servers. But then you also seriously you went into the server business. I talk to David Yen a lot, so some of the technology from Xerox and so on, maybe you can spend a few minutes on that.

**McNealy:** Well, you know, it was nice because we had all the pieces. We had the microprocessor, we had the computer manufacturing and design business. We had the operating system. We had the networking protocols, and the systems management software. So we had all of the pieces to go out and compete. And we had a real advantage in the sense that we were open source. We had open interfaces. And I would always tell customers that we had a low barrier to exit, which was a very safe buy, and as opposed to getting locked into a mainframe or a VAX environment, or into a Microsoft environment where you fundamentally, once you got locked in you were sort of stuck.

**Kapoor:** So the competition in the UNIX servers, theirs was SGI, and who else was there?

**McNealy:** Well, there were a lot of people doing UNIX. We happened to be the number one UNIX. And eventually Hewlett Packard, DEC and IBM got upset with us, and they decided to form a consortium, OSF, Open Software Foundation. I called it "Oppose Sun Forever Foundation." And they tried to gang-up. So then we went to AT&T and we merged Berkeley UNIX with System 5, Release 4. And created a merged UNIX that had much greater volume and we ended up kicking OSF's butt pretty good on that one. But that was--

**Kapoor:** But in terms of volume, you were still behind the Wintel volume, apparently.

**McNealy:** Volume was always a bigger issue dependent on how many transact-- if you looked at it in terms of the number of transactions, you'd draw over the amount of business processes you ran, or the amount of Oracle licenses that you ran. We weren't a desktop volume player because we always had workstations and then enterprise servers. But yeah, volume was always a bigger-- the biggest deal we had was Intel on the microprocessor. They had such high volume, and the binary capture that they got of people compiling to their chips was a big issue. Which is why Java was such a big thing for us. And a big breakthrough.

**Kapoor:** Right, so we'll come to that. But at that time, Microsoft announced the Windows NT, and then Windows 95. And so there was added pressure on Sun to come up with the--

**McNealy:** Oh, there was always pressure on Sun. And the most favorite project code name in the industry was Eclipse. Everybody wanted to Eclipse Sun. We were rocking and rolling, and winning. And we had won the application developer war with just about everyone of the key developers. But then there was the Windows environment, and Windows wanted to try to move their desktop environment into the NT server space. You know, that was marginally successful. They certainly spent a lot of money on it.

**Kapoor:** Right, but you had already coined the-- your team had already coined the "dot" in the "dot-com boom" phrase, and so you were getting a lot of buzz, and so there was certainly conflict with Microsoft at that time.

**McNealy:** there wasn't conflict, there was friendly competition. <laughter>

**Kapoor:** Competition. <laughter> So certainly they were getting buzz with NT and also Windows 95, and so I think there was a move on Sun's part to work with some other companies to have an anti-trust action against Microsoft because of the monopoly. So could you say a few words about that?

**McNealy:** Yeah, that wasn't really a move with other people. We basically went after them for taking some of the Java class libraries and renaming them and dropping some of the other class libraries out of their developer kit. Which was destroying one of the great features of Java, which was "Write once, run anywhere." So that was really what we went after them for, and we had a settlement that basically resolved that.

**Kapoor:** So maybe I just stepped forward a little bit. So you needed a, it's called a magic ring, and so when Java was developed, initially it started off as a project called Oak that James Gosling's team were doing for distributed computing. And then in 1994, there was a little bit of frustration and there was some fear that James' team was going to quit, and Eric Schmidt made a presentation with them on Java applets and pages on the worldwide web, and how they could add motion and full-blown Java applications for business applications. And I think you heard that and that made a big showing.

**McNealy:** Well, I do remember when Eric came in and showed us the browser. And that was a big eye opener. He had-- he brought over the Netscape browser that Marc Andreessen, or the Mosaic browser, I think it was at the time. I can't remember. And that was a big-- but Oak actually started because we had

recruited James, because Bill Joy called him "The Greatest Programmer in the World." And when The Greatest Programmer in the World calls somebody else "The Greatest Programmer in the World," you know you got a great programmer. So James came onboard, and I heard a rumor in the grapevine that he was going to leave. And I went, "Oh, crap! He can't do that!" So I called James, I called him into my office, and I said, "What's up?" he goes, "Well, I want to work on some consumer technology. I want to get out in there in the volume. Consumers are driving the technology, not the enterprise, so I'm going to leave and go do something." And I said, "No, you're not!" He said, "What do you mean?" I said, "James, anything you want to do, anywhere you want to do it forever, for how long you want to do it, with whom you want to do it for as much as it costs, I will fund it. I will protect you. I will make sure that you can go do whatever you want to go do, but all I ask is you come back to me in a week with a back-of-the-envelope business plan about where and what you want to go do. And then I ask that you come visit me once a year and tell me how you're doing! That's it! You can't leave. You're going to go do this. I don't care what it is. It can be anything!" He looks at me and he says, "Really?" I said, "Yeah, now get out of here!" He smiled, got up, walked out. A week later he came in and started Oak, and then it turned into Green and then he was going to build a universal controller, but then he needed a language and an operating environment to do it. So he invented Java, then all of a sudden, Andreessen and James decided to marry the Mosaic Netscape browser with the Java VM. We had the distribution channel, and Ed Zander did a brilliant job of launching it. And the rest is history.

**Kapoor:** So nice that he stayed. You know, he just got the award as a Fellow from the Museum, and universally recognized as a fantastic genius.

**McNealy:** The unknown piece of it is four times the Java project was taken out of the budget in a cost-cutting exercise by different folks; and four times I put it back in. That's my only claim to fame on Java is that I just trusted James and I was not going-- and I committed to him we were going to follow-through. And so I did not let anybody take that out of the budget.

**Kapoor:** So Netscape played a key role in distribution in making it widely available. And then I think your strategy was to have it in the Windows with Microsoft. So after a lot of work, I think they agreed, but as you said earlier, they were really not serious, because they wanted to change it for their own purposes.

**McNealy:** Yep, true.

**Kapoor:** And so meanwhile for the Java campaign. You know, there's a famous poster of yourself with the Java Man Ring that was quite fantastic. And Kleiner Perkins started a hundred-million dollar fund to support Java.

**McNealy:** Correct. Well, Java won the developer conference. I think at the time was the larger developer conference in the world.

**Kapoor:** Right. So Java essentially established Sun as a leader in the internet space technology. And I think at some point Sun sued Microsoft for the breach of contract. That was in 1997. And Sun under your leadership became the foremost innovative leader in the IT industry. So the sales continued to grow, and

then in the year 2000 the dot com bust happened, and everything came crashing down. I still remember, 'cause I joined Sun in '99, and I remember running into John Shoemaker in the restroom, and I said "How are things?" He says "I don't know. Nobody's buying anything." So I remember that time. So maybe you could say a few words about that.

**McNealy:** Oh, it's clearly the first-- well, it wasn't the first time, but the industry had always gone through bubbles like that, but that was the first time we got caught. We had filled the channel with too much inventory, and for a year people were selling our boxes on the grey market that had been sitting in warehouses, that sort of thing, and it made it very, very challenging. We grew too fast, we grew expenses too quickly, and we just assumed that everything was constantly going to go up and to the right, and it doesn't work that way. Everybody has their slow-downs. So we learned a lot about that and recovered nicely and turned the business around and got it growing again and were generating cash and had very good margins. So it was just a challenging moment in economic-- it was Y2K and the dot com bubble and--

**Kapoor:** And then in 9/11 the terrorist attack happened, which exacerbated the conditions.

**McNealy:** Exactly.

**Kapoor:** So the technology spending plummeted.

**McNealy:** Exactly.

**Kapoor:** And Sun faced increased competition in the cheaper server market or the Intel, Linux space.

**McNealy:** So that's an interesting sidebar. When we did the deal with AT&T to take Sun OS and merge it with AT&T to create Solaris, AT&T would not let us open source, 'cause they didn't believe in that. That's our corporate jewels, so you've always grown up at Bell Labs, patent stuff, and it's not open. And as a result, we went about five or six years where Solaris was proprietary, and during that time Linux got started, 'cause people wanted an open source OS, and Sun OS was open source but Solaris wasn't, and it wasn't until five or six years later we spent a lot of money with Novell and a lot of money reverse engineering out all of the AT&T stuff to where we could reissue Solaris as an open source architecture, but by then Linux had happened.

**Kapoor:** Linux had made a lot of gains.

**McNealy:** Yeah.

**Kapoor:** So by 2004, Sun faced 12 consecutive quarters of declining revenue, and they were at 13.6 billion dollar revenue in 2004, and because a lot of the negative press, Sun could not return to profitability. In April 2004, Sun and Microsoft called a truce. I remember lot of the negotiations there used to be happening, and somebody ran into Bill Gates in a restroom or something where he was shocked I remember. So maybe you could say a few words if you like.

**McNealy:** There was nothing that hasn't been written up very, very-- well, I don't have any special color on that. I think it was just both companies doing their best to try and protect their shareholders and protect their business strategy, so it was a good, fair fight.

**Kapoor:** And then Greg Papadopoulos was working with Bill Gates about the road maps and how to work together.

**McNealy:** We worked with everybody, and we competed with lots of people, so it was a very open environment that way and a lot of people doing lots of different things. We were doing everything from chips to services and everything in between, so we touched a lot of companies.

**Kapoor:** A lot of the analysts in the industry read the deal as a capitulation by you in that you gave into, because I know you were so feisty until then.

**McNealy:** I don't know if it was a capitulation. The 2.4 billion-dollar settlement is the largest antitrust settlement in the history of anything I believe, so I think we walked away pretty well.

**Kapoor:** And there was also speculation that maybe you wanted to hand the reins over to your successor at that time.

**McNealy:** I wanted to do that from day one. In fact, when I took over in 1984, before I said yes based on the decline-- meeting and before I said yes to the board, I went home, had dinner with my mom. I was single at the time, and I didn't know who else to talk to. I said "Mom, I don't really want to be CEO. It's too hard a work. I saw how hard Dad worked, and I'm not sure-- I'd love to be a good number two, a COO type or whatever, but I don't want to be the lead dog." And she said "Oh, just do it for a year, and then you can step aside." So I just went back and said "Okay, here's my--" I actually handed my resignation letter to the board, signed. I said "Here's my resignation letter. I'll do this for as long as you want, but whenever you're ready, whenever you find a guy to replace me, I'll help you recruit the guy to replace me. I will step aside, and I will help out the new guy," and that was my commitment, and I spent most of my career trying to develop a replacement for me. And if you look, there's probably a couple of hundred former Sun execs who-- Crawford Beveridge and Bill McGowan, my HR guys, helped develop as I kept looking for somebody to replace me desperately for all of those years, and Eric Schmidt and Bill Coleman and Carol Bartz and Phil Samper and all these other people who came through there and ended up running something, probably 200 former Sun execs who became CEOs in the Valley and around the world. So guilty as charged. I didn't ever really want to be CEO, and I remember when I finally did step down, I said to my wife "I finally know how to do CEO. I finally have it figured out." Things were running great, and I handed it off to Jonathan Schwartz and stepped down. I had boys that were two, four, six and eight at home. I'd been through all the battles, I'd seen all of the movies, and quite honestly I was saying "How much longer do I really want to keep doing this? I'd rather go home and raise my four startups at home," and so I stepped down, and five years later Oracle bought us.

**Kapoor:** Yeah, in spite of that, you still worked for 22 years as CEO. That was the longest--

**McNealy:** Yeah, that's a long time to be in the piñata. It's a young man's game, and I don't regret spending one minute at all with my boys.

**Kapoor:** So in 2004 actually, Jonathan was promoted to president/COO, and you were still CEO. How was that stage like? Why did you choose Jonathan, for example?

**McNealy:** He seemed like the best candidate for us, and certainly I didn't do anything without the board approval and support, and he's a very bright guy and understood the technologies and seemed to be the right guy to go do that.

**Kapoor:** So he had a software background.

**McNealy:** Everything software: hardware software, networking and software, software software, computers are software, so yeah.

**Kapoor:** So as against finding somebody from outside, you chose from within.

**McNealy:** I did.

**Kapoor:** And there were some other major acquisitions made at that time. StorageTek was acquired in 2005 for 4.1 billion dollars. I think at that time there was a time where I think you were in a panel, the founders' panel at the museum, and you actually made some comments about-- somebody asked a question actually as to should they be-- because they saw some of the uncertainties, and they said "Should I be holding onto the Sun stock?" And you made a very spirited response, and you said that Sun has 4.5 billion dollars in cash. This was right after the StorageTek acquisition, so you had 7 billion in cash, and you said that for 17 years, Sun has been cash flow-- positive. There's only two development communities, .NET and Java. You said there's only three OSes: Windows, Solaris and Linux. Power, SPARC and x86 are the only architectures. You have a large patent portfolio, and 36 percent of the archived data was in tape libraries because of StorageTek, and a large product portfolio partnership with Microsoft and Oracle, TI; high barrier to entry as you said, and have enterprise servers suitable for grid. You said Google will not get into that, that we at Sun have the technology. So you gave a very spirited answer, and I think that was a very positive thing. A lot of people went away feeling very relieved. So did things change?

**McNealy:** When I stepped down, I felt like the company was in good shape but had obviously lots of strategic challenges ahead of it, and did I want to go and transition the company to the next generation, or did I want to literally get out of the piñata? It's been 30-plus years I'd been hammering away at this and working a bazillion hours, and I had my wife at home with four young boys, and I didn't think it was fair. So I made a very personal decision, not a corporate decision, but I tried to do it when the company had 48 1/2 percent gross margins, was growing, had billions of dollars of cash in the bank, was gaining market share and had a really solid team, and I did the best I could in preparing for the next generation, but it wasn't without a lot of challenge. If you look at it, all of the computer companies got wiped out, all of them, and none of them were able to transition. The only one who's actually been able to do that has

been Microsoft. With the desktop position that they have, they've been able to build Azure and be one of the top tier players in the cloud. The network is the computer. But nobody else was able to make that transition, and Oracle and SAP and all the rest of them are all trying and fighting to become a cloud player, but it's Google, Amazon. Interestingly enough it's a search company, a book sales company and Windows company that have made the transition to cloud. All the computer companies got wiped out.

**Kapoor:** So in terms of cash, I think, like I was saying, 4.1 billion dollar for StorageTek, and then Jonathan was made CEO in April 2006, and then MySQL was acquired for 1 billion dollars. So there was still a continuing focus on open source, because there was no revenue as such for MySQL, right?

**McNealy:** Correct. There was some revenue, but that wasn't--

**Kapoor:** Okay, so you agreed with their decision for example?

**McNealy:** Well, what you do when you step down as CEO is you let the new CEO implement their strategy. I wasn't going to get back in the piñata, and the board has to support the strategies until they don't, right?

**Kapoor:** So you were not driving from backseat. You were basically letting the board be the decider and the--

<overlapping conversation>

**McNealy:** Well, the CEO decides. The board approves the plans, and the board makes sure that the assets aren't being misused.

**Kapoor:** And so the Sun sale to Oracle happened in 2009, so that was also interesting in that there was a lot of speculation, because at that time there were HP and IBM and then finally Oracle. Because lot of things have happened already, can you shed some light on what happened?

**McNealy:** Oh, I think there were two final bidders, and Oracle and IBM were both bidding for the business, and Oracle, Larry Ellison came in with a deal that was in, quote-unquote, all ways according to our counsel, all ways better for the Sun shareholders and employees than the IBM deal. And then it went to a shareholder vote, and at this point it's not the board or the CEO that makes the decision as a public company. It's the shareholders, and the shareholders decided that was a good deal.

**Kapoor:** So you had a very emotional goodbye to Sun when you left, and in fact you said "Sun in my mind should have been the great and surviving consolidator, but I love the market economy and capitalism more than I love my company. The invisible hand is doing its thing quite efficiently, so I'm more than willing to accept this outcome." So I guess you really believe in capitalism, so by "the invisible hand" you meant the market forces.



**McNealy:** Exactly. We were a public company, and you know what? I have so few regrets. I wish I'd been smarter, <laughs> but I'm not at all ashamed. I'm incredibly proud of every employee, everything that they did, all of the hard work that they put in, the way they changed the industry. And even though we got acquired, I think we exploded into all corners of the computer industry and the technology space today, and our culture, our style, our thought processes, our technology, our wisdom has infiltrated so many other companies that we were like a virus that just went into all corners of the technology constellation.

**Kapoor:** And a very healthy virus, very ethical and healthy virus.

**McNealy:** Yeah, Sun went 30-something years without any hashtag anything kinds of issues. There were never any technical or legal or ethical or moral breaches, 'cause we just played hard but played by the rules. I always said you want to break the rules of business but not the rule of law.

**Kapoor:** So in fact, one of the questions I was going to ask you was: What were the top three causes of Sun's success? We already know that the people, the innovation was one the leadership that was shown.

**McNealy:** I think we shared in the success. We didn't try to have all the success be in the hands of one person. Employees, shareholders, partners, customers, suppliers; we allowed everybody to share in the success. I think we were very open with our interfaces, our source code, our partnerships, all the rest of it, so we were a very sharing company on that front. And then I think we just enjoyed work. We kicked butt and had fun, and I would always tell people "Listen, it is your job to have fun. If you're not having fun, sit down with your boss. It's 51 percent your responsibility to have fun, 49 percent your boss's, but sit down and say 'I'm not having fun for the following reasons, and here's how it'd be more fun,' and tell your boss 'Scott says I'm supposed to have fun. Let's figure it out.'" It was okay to have fun.

**Kapoor:** I was going to ask when did you first consider stepping down from your CEO job, but I think you already said that--

<overlapping conversation>

**McNealy:** The day I took over. I don't know if that letter still exists or if anybody kept them. I think Ken Oshman told me that they just ripped it up immediately and threw it in the trash can, but that should be here at the Computer History Museum.

**Kapoor:** So what were your greatest frustrations in driving Sun's success?

**McNealy:** My greatest frustrations were probably what the board always told me, that I hung onto people too long and didn't step into them, 'cause I never hired anybody I didn't like, I never promoted anybody I didn't like, so I always had a hard time letting somebody go--

**Kapoor:** Letting somebody go.

**McNealy:** And I was just too nice that way. But I'm okay with that. We did all right.

**Kapoor:** So if you had to do it over again, would you change anything? For example, next person after you or anything?

**McNealy:** That's such an unfair question. I've lived the most lucky life. I have been involved in the greatest industry of our times at the time when it was just absolutely exploding and doing wonderful things. I think we've touched just about every piece of technology that's out here today. We were earliest doing Google Glasses, wearable computing, virtualization, open source, RISC. All of the things that we did back then, artificial intelligence and machine learning, we were in on the ground floor of all of that stuff. We have had such an impact. I just wished everybody literally yesterday happy birthday, or two days ago happy birthday, and my Twitter feed just exploded with people saying this is absolutely the best, and it's 100,000 to 1 positive to negative notes from everybody about this thing. And I think if you talk to anybody who worked at Sun, they will tell you it was the best place they ever worked. I wouldn't want to mess that up. I wouldn't want to go back to the Way-Back Machine and screw that up, because it's just left the best taste in everybody's mouth.

**Kapoor:** Thank you. In fact, I still remember some of their drawings with the cloud, drawings, and so really the concept of cloud or open-- really it was there from very beginning.

**McNealy:** And that was exactly why we did NFS, so that you could have computers talk to each other, and that started off back in 1982. I remember Bill Joy walking in and telling the board we're going to open source NFS and give it away to all our competitors, and they looked at him like he was nuts. And he said "What good is a telephone that doesn't connect to any other phones?" And that was the heart of Sun Microsystems: sharing, opening up and moving the ball forward.

**Kapoor:** And one question that was asked is, in many instances, what you and the Sun team did were ahead of the game, and there was significant behavior changes were needed to make that happen, for example, in Sun Ray. If you had to do it over again, would you include the inertia factor in your planning?

**McNealy:** Oh, my gosh, there are so many things with hindsight that you would try to do differently, but I spend zero time looking in the rear view mirror and all the time looking in the windshield. Sometimes you're the windshield, sometimes you're the bug, and just by looking out the windshield you try and be the windshield. I just don't like to look back and feel bad on myself. I like to look forward and say "Hey, I've learned, and we're going to do better." And so I've spent a lot of time advising companies now and sharing with them those particulars as they're appropriate to their business.

**Kapoor:** So you are pretty outspoken about privacy. "Get over it." I had a question: privacy versus security? Would you like to comment on the significance of--

**McNealy:** Well, I've obviously said "You have no privacy; get over it." That's probably my most famous quote, one that I don't get quoted on as much as "Absolute anonymity breeds irresponsibility," and I truly believe that. But I will also share with you that I am way less concerned about private enterprise having

my data than I am big government or even small government having my data. And especially in the era of scope creep, of this local, state and federal governments as they regulate more, they get more involved in health care, education, finance loans, tax audits, all of the things that they're getting involved in, it scares me to death when the government has my data, because you talk about security? Well, I'm mostly worried about the government and my security, and so I think all of the efforts by bureaucrats to make sure that a Facebook or a Google or somebody doesn't do something bad with your data is misplaced. I think they should be looking in the mirror and say what happens if we have a FISA warrant or if we have a IRS that is getting political? And those are the scare-- what happens when health care or who gets into college or who has to pay off their loans becomes a political decision? And that's where "How did you vote? What is your persuasion in this, that or the other thing?" becomes a very scary thing for the government to have. They're the dangerous ones.

**Kapoor:** And couple of questions. There were some acquisitions. At one stage, Sun was looking at acquiring Apple. I know you've spoken about it. You came close to maybe six times or something. Maybe comment on that, and then there was speculation about Silicon Graphics, that there was a time when Sun and Silicon Graphics were talking.

**Kapoor:** I don't think there was a company in the industry that we didn't talk to about merging with or buying or getting a strategic investment in or partnering or whatever. Those conversations happened all the time. I remember Ken Olsen walking me down the hall of a hotel and putting his arm around me. He says "You really ought to drop SPARC and Solaris and go with Alpha and VAX," and said "Thank you, and then we could buy you," and "Oh, thank you, Ken, but no thank you." And, yeah, we had many conversations with Apple. We have conversations with IBM. I even went Oracle back in the early, early days and said "Larry, we should combine. I'll do the hardware; you do the software," and he said no, and he could've had us for a lot less back then. But as I always said about Apple, it's probably good I didn't get ahold of it, because there's never been an entrepreneur like Steve Jobs, and he's the greatest of all time. I have the utmost respect for what he accomplished without government help, just fundamentally through the persuasion and commitment and brilliance that he was. He was the greatest entrepreneur of all time. I would've screwed it up if we'd bought Apple is what I'm saying.

**Kapoor:** Yeah, you've said that. So before we move on, any other thoughts on Sun? Because it was such a tremendous operation, and what you accomplished is just really very unique and unparalleled.

**McNealy:** So, let's go "Lion King" "Circle of Life" on this thing. Companies have their life cycles. Some don't. Some keep sticking around even though they don't necessarily innovate as much or they aren't as creative or they're very high cost or whatever; they establish such strong market positions. They do very well as capitalists for their shareholders, but they aren't necessarily moving the ball forward, and they might actually slow things down. Sun, with its open interfaces, open source shared environment and zero barrier to exit, actually made it pretty easy for customers to move off of us, which is actually a good thing, because technology has the shelf life of a banana. So not only were we a good company from a shareholder perspective, but we were a very good company in terms of a steward of the technology and the customers that we brought into our portfolio, so I don't feel badly about it at all. And I don't think we get credit for being zero barrier to exit and not locking people in and costing them a huge bag of money.

There are still people stuck on mainframes. There are still people on Windows that should be on a new and a different environment. There's still people on lots of legacy environments, and getting people to move off of a browser or a social media environment is very, very hard now, because they make it very sticky, and sticky isn't necessarily good for the customer. It may be good for the company and the shareholders and the CEO, but it isn't good for the customer. So I literally go to bed every night thinking, well, we did the right thing by our customers. If we didn't perform or we moved in a different direction, we didn't mess with our customers, and I think there's a lot of customers and a lot of employees who feel very good about the way we handled ourselves out in the marketplace.

**Kapoor:** Yes, but as you said, I think all the former Sun people are very proud of the company and always reminisce about those days. We have preserved the legacy very well in the museum. We of course have done the technical panels and the business panels, celebration of the 25 years, so those are all available, plus Sun had donated, Oracle, all of the chips, every single chip. In fact, very unique; I don't think even IBM or Intel has that. I was personally involved with that, so every single chip is a permanent exhibit.

**McNealy:** Very cool. Very cool.

**Kapoor:** So moving on, you started Curriki in fact even when you were still at Sun. Can you say a few words about it? This is a free online K to 12 education service.

**McNealy:** So Kim Jones was running our education business. Sun and I were in Europe, and we were talking about how we were open sourcing everything but I was spending 130 dollars on a third grade math textbook for my oldest son. And I said "What's up with that? 10 plus 10 was, is and will be 20 forever. Nothing's changed since Newton got hit on the head with an apple." We did some research. Eight to fifteen billion dollars a year annually once a year is spent on K through 12 educational materials, and we thought "Let's open source that." And so we created the largest open source community and repository at Curriki. It started off as a global education learning committee or council or whatever, and we spun it out and created Curriki, a curriculum wiki. And Kim is running that now, and we decided to just go big time with it, and eventually we're going to launch a free online, open source, multimedia web-enabled, real-time scored, on demand, push-to-talk to talk to a teacher, internationalized, localized and certified K through 12 experience to allow no child, parent or teacher to be held back. And flipping the classroom we think, with real-time scoring and gamification, is going to change education much in the same way that we changed the Internet and that Uber changed cabs and other companies.

**Kapoor:** So you've heard about Khan Academy, right?

**McNealy:** So we were one of the first distributors. Because Khan was on YouTube, it was blocked in schools, but we're a curated, moderated site, so Khan stuff could run. So we have that and 275,000 other learning assets on our website.

**Kapoor:** Wonderful. A friend of mine actually is doing the same thing in the college domain, and so it'll be interesting to get his views, and I will forward those to you.

**McNealy:** Cool.

**Kapoor:** And then in 2011, you co-founded Wayin, which is a digital marketing company in the cloud share domain, cloud space, social intelligence and visualization. So maybe say a few words about that.

**McNealy:** So Wayin is all about zero-party data. Third party data is today sort of kryptonite; you don't want to go near it. And Cambridge Analytica and the Facebook thing has gotten everybody very wary about people using your data and selling it to third parties. First-party data is what you capture at point of sale or in your store or wherever, and people understand first-party data is being captured, but zero-party data is explicit engagement data captured online in the form of a sweepstakes or a contest or a product configurator or this, that or the other thing where the consumer is sharing data and getting something in return, like a chance to win a house or a discount on a burger or some other thing. So these zero-party data experiences that we create at Wayin, we have nearly a hundred of them that can be prefabbed and launched online if you access the zero-party data, which is a much more responsible way of gathering consumer information. It's automatically opt in, and you're getting compensated for sharing that data, so it's doing very, very well, and we're very excited about it.

**Kapoor:** Good. So you're no longer the CEO. I think you've moved on.

**McNealy:** I did that for a little while temporarily when-- found a real good one, 'cause it's a young man's game.

**Kapoor:** Good. So I understand that you're also involved with many other investments, so anything you want to talk about? Also like to get your views about your recommendation to somebody who's starting a career.

**McNealy:** So I'm advising lots of companies. I advise for stock. I don't go as an employee. I don't ask for salary. I don't ask for a title or whatever. I just quietly help people out with no commitment, and they pay me stock. The more stock you pay, probably the quicker I'll answer your email, and it's not going to change my life, but I don't know how else to prioritize my time. I just love business school case studies that are real, and they really matter, and I love helping little young capitalists get going, and so anything I can do to help. So I help from the very largest companies, the very largest telephone and consumer companies all the way down to two-person startups. And it keeps me in the game, and I can use my wisdom without having to get up and drive into the office every day and interview somebody. So that's what I'm doing. My advice to young people is protect the private sector. The private sector is where innovation happens. It's where personal responsibility is rewarded. Without financial freedoms and liberties, you will not have social freedoms and liberties, and the new, young groups are so focused on social justice and on equity and on victimhood and all the rest of it. Let me tell you, the economic wars that we fought have a byproduct of employment, training, taxes, goods and services, innovation and self-esteem. Redistribution destroys all of that, and so my advice to all of the new startups is protect the private sector. Trim back, limit and stifle the growth in the state, federal and local governments, 'cause they will destroy the opportunity for the great American dream, and I don't think people understand that. Most of them have been educated by government schools, government sector union teachers and tenured professors, and government schools and tenured professors will teach you not about the private

sector but the government sector, and I think they're all massively misdirected in their education. So I worry. I worry as we hurtle towards 50 percent of the GDP into the government sector and as we have two-thirds of the federal budget be in redistribution where we take money from those who earned it legally and give it to those who didn't to corruptly buy votes and to stay in power. So that's my advice to you is, as your head's down being non-political or being socially justified, you're letting the private sector slip away, and then it's not going to be pretty.

**Kapoor:** Thank you. You have four boys. I think you're very proud of their achievement. Maybe you can say a few words about them.

**McNealy:** They're all young, and they haven't really achieved. I'm very proud of their comportment, their sense of duty, their personal responsibility, focus. They're gentlemen, they're polite, they're respectful, they're humble, and they're incredibly hard-working and honest and high integrity. And whether they succeed or not is not important. It's how they're playing the game and how they're going about it. I couldn't be more proud of them. I'm happy for their successes, but they're still very young. The oldest is only 23. The youngest is heading off to college next year. So I think they're very well set up to make a positive impact on this world.

**Kapoor:** They've done very well in golf.

**McNealy:** They're all good golfers. They're all good hockey players. Three of them are second-degree tae kwon do black belts. They're all straight-A students, 'cause Mom won't feed them if they don't get straight As, so they want dinner; you want to play sports, you better be a good student.

**Kapoor:** So what do you do for leisure? I know you used to go yachting at one point.

**McNealy:** I never was a yachter. I used to play hockey. I stopped that at the age of 55. Too many broken bones and blood clots and stuff like that. Thought it was kind of dumb to kill myself playing hockey. I still play golf. My handicap is rising like the Sun stock price used to. But I'm doing all this advisory work. I'm looking forward to empty-nesting with my wife and doing a little bit of travel where I don't have to sit in conference rooms all the time and go see the world as a tourist a little bit. But fundamentally I have 4300 emails in my stack of people I'm advising and companies I'm trying to help, and when I have the energy, I sit down and I plow through those and I try and help as many companies as I can. I love capitalism. I love the private sector. I love the economic war that has-- the only casualty is all of those things I talked about, all of the things that happen when companies compete. It's a great way. It's not like physical war where there really truly is carnage, and listening to these politicians who want no carnage in the economic wars, they don't understand that that's what develops us, that's what gives us wisdom, and that's what creates winners. Show me a geography with no billionaires, and I'll show you a very poor geography.

**Kapoor:** Thank you so much.

**McNealy:** Thank you, sir.

END OF THE INTERVIEW